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Daily Report

China

FBIS-CHI-96-047

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General

PRC: Spokesman Rejects U.S. Criticism of Exercises

HK0803053496 Hong Kong SOUTH CHINA MORNING POST in English 8 Mar 96 p 9

[By Geoffrey Crothall In Beijing]

[PTS Transcribed Text for FBIS] China will "never accept" any representations or protest from the United States over its military exercises in the Taiwan Strait, Foreign Ministry Spokesman Shen Guofang said yesterday.

"In fact, China is the one who should be protesting," Mr Shen said in response to criticism from US Defence Secretary William Perry over today's missile tests.

"The question of Taiwan is entirely an internal affair of China and no other country has the right to interfere," Mr Shen said.

He reiterated Beijing's official stance that the week-long missile tests off the coast of Taiwan were routine military exercises designed to "improve the quality of the People's Liberation Army" and were not directed against the people of Taiwan or intended to intimidate the electorate in the run up to the elections.

The missile tests did not represent any danger to the people of Taiwan, Mr Shen said, adding that the only real danger to peace and security in the Taiwan Strait was President Lee's alleged attempts to create an independent Taiwan.

The US has warned China of unspecified "consequences" if Chinese plans to test-fire missiles into the sea near Taiwan go wrong, the State Department said.

"We believe that the plans for these missile tests are irresponsible, and we have informed the Chinese Government that there will be consequences should these tests go wrong," said spokesman Nicholas Burns.

He did not say what the consequences would be if the tests went wrong — apparently meaning if the missiles hit Taiwan.

"We believe that the People's Republic of China should refrain from further provocative actions," Mr Burns said.

US Assistant Secretary of Defence Ted Warner said yesterday in Wellington that Taiwan would be better served if it stayed short of full independence. "The Taiwanese are better served by a policy that stays short of full independence, that takes advantage of the opportunities they have for autonomous development and tries to work a modus vivendi with Beijing on that basis," Mr Warner said.

Meanwhile, New Zealand Prime Minister Jim Bolger yesterday also urged Taiwan and China to draw back "from their present confrontational stance". Mr Bolger said the situation was a cause for concern because of the threat to peace in the region.

The tests could also disrupt shipping and aviation routes important for New Zealand's trade with Taiwan, he said in a statement.

PRC: Spokesman Responds to U.S. Comments on Human Rights

OW0703142896 Beijing ZHONGGUO XINWEN SHE in English 0456 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (CNS) — A response to the improper comments of the U.S. State Department in its annual "human rights report" on China's human rights record considered the criticism to have ulterior motives. Foreign Ministry spokesman, Shen Guofang, said this afternoon that the issue of human rights was purely the internal affair of a sovereign state. Each nation had the authority to protect and promote human rights in accordance with its actual situation. The U.S. was not entitled to make comments on China's or other countries' internal affairs. The Chinese spokesman said that China was resolutely opposed to U.S. interference in other countries' internal affairs under the pretext of the issue of human rights.

Mr. Shen said that China's Constitution and other laws provided sufficient protection for the various rights enjoyed by ethnic groups at home. In the past decades, efforts and progress made by China in protecting as well as promoting the legitimate interests of its people were obvious to all in the world. At present China enjoyed political stability, sound economic development, social advancement and national unity. At the same time, its people were living and working in peace and contentment as well as enjoying democratic rights that were absent in the past.

The Chinese spokesman added that during meetings between Chinese and U.S. leaders in New York and Osaka last year, the U.S. said it had hoped to avoid confrontation with China on the human rights issue. The U.S. attack on China's human rights record through the annual report obviously went against its earlier statement. If the U.S. was sincere in not wanting confrontation with China, it should demonstrate its commitment with real action and stop its wrongful practice of interfering in other countries' internal affairs.

PRC: Spokesman Blames Hong Kong Government for Refugee Problem

OW0703140096 Beijing China Radio International in Mandarin to Hong Kong, Macao, the Zhu Jiang Delta, and Southeast Asia 0900 GMT 7 Mar 96

[From the "News and Report on Current Events" program]

[FBIS Translated Text] Chinese Foreign Ministry spokesman Shen Guofang said in Beijing on 7 March that the boat people and refugees living in Hong Kong are the result of the Hong Kong British Government's erroneous policy, and therefore the Hong Kong Government has the unshirkable responsibility of solving this problem.

At a Foreign Ministry news briefing on 7 March, a reporter asked: The UN Refugee Commission recently announced that it will begin to repatriate Southeast Asian refugees beginning from July this year. Of the original 30,000-plus Southeast Asian refugees, nearly 20,000 are in Hong Kong. What comments does the Chinese Government have on this issue. Shen Guofang said: The Chinese Government will not assume the responsibility for making Hong Kong into a refugee camp. The British side should take positive and effective measures, including increasing consultations with the Vietnamese side, to solve this problem as soon as possible.

United States & Canada

PRC: Article Views U.S. as Root of Cross-Strait Tension

HK0803095296 Hong Kong HSIN PAO (HONG KONG ECONOMIC JOURNAL) in Chinese 8 Mar 96 p 22

["Beijing Political Situation" column article by Jen Hui-wen (0117 1979 2429): "Methods for Normalizing Sino-U.S. Relations"]

[PTS Translated Text for FBIS] News of the People's Liberation Army's [PLA] conducting another military exercise in the Taiwan Strait after the Spring Festival, which spread a few days ago, has now been confirmed. XINHUA was authorized to announce on 5 March that the PLA would conduct surface-to-surface missile launch exercises for eight days from 8 to 15 March in the East and South China Seas. This is the third missile launch test conducted by the PLA, following the previous ones in July and August last year, and the one conducted closest to Taiwan. The current missile launch tests, conducted for the first time to the north and south of Taiwan, are at the same time intentionally aimed at displaying the ability of the

military to blockade the Taiwan Strait and at taking this move to influence Taiwan's general elections in late March. In connection with the expositions on the Taiwan question given by Premier Li Peng in his "Government Work Report" at the Fourth Session of the Eighth National People's Congress [NPC] and the recent speeches by Liu Huaqing, Central Military Commission vice chairman, on Sino-U.S. relations, delivered to the party committee of the Guangzhou Military Region and the party committee of the Nanhai Fleet, and distributed by the Central Military Commission's General Office, it is obvious that the PLA move is aimed at foreign forces and efforts at "Taiwan independence" rather than at the Taiwan compatriots. Such military exercises will not cease unless Taiwan stops its splittist activities and foreign forces stop meddling in China's internal affairs.

Blockade Exercise Not Aimed at Taiwan Compatriots

According to a Beijing source, in the current missile launch tests conducted by the PLA in waters close to Taiwan's two main cities of Keelung and Kaohsiung at the same time, the missiles may fly over Taipei or Keelung and land in predetermined waters in the north-east or they may fly over Taichung's Hualien, Tainan, or Taitung and land in waters in the east. This is actually an attempt to launch missiles from the mainland over the Taiwan island and to comprehensively blockade the Taiwan Strait. The so-called blockade can be realized by dispatching a fleet to patrol around the island or launch missiles from around the island. The PLA conducted two missile launch tests in the northern waters of Taiwan, which had only one splash zone. There will be two splash zones in the current test, which may increase in the future and form a comprehensive blockade.

Although the United States and a number of other countries have made indiscreet remarks on China's current missile tests, Beijing will pay no heed. Beijing insists that the question of Taiwan is China's internal affair, which brooks no foreign intervention. Beijing believes that cross-strait relations will ease somewhat only when the Taiwan authorities have stopped creating "two Chinas" or "one China, one Taiwan" and their activities of splitting China; and when foreign forces, which include the United States, have stopped meddling in China's internal affairs, selling large amounts of sophisticated weapons to Taiwan, accommodating the splittist activities of the Taiwan authorities, and creating a tense situation in the Taiwan Strait. If Taiwan and foreign forces refuse to do this, Beijing will not terminate its military exercises.

However, the purpose of Beijing's military exercises is not to attack Taiwan by force, but to encircle without

attacking and to use force to press for peace. For this reason, Li Peng used new expressions in his work report never seen in the previous six years, emphasizing "no commitment on not resorting to force" and aimed at foreign forces and efforts at "Taiwan independence" rather than "Taiwan compatriots." He also "enthusiastically called on" all Chinese, including the Taiwan compatriots, to join hands to oppose splittism and realize peaceful reunification, and used "those who have contributed to the reunification of the motherland will be recorded in history" as the concluding remarks of his report on the Taiwan question. Clearly, Beijing is sincere in attaining peaceful reunification.

PLA Ready To Fight Against Aggression

According to the source, China has always believed that the tension and deterioration in cross-strait relations were caused by the United States, which violated the three Sino-U.S. joint communiques. While speaking on Sino-U.S. relations and China's stance toward U.S. military provocation at the two party committees mentioned earlier in this article, Liu Huaqing said: "The recent trend of tension and deterioration in cross-strait ties is the result of the initial stage of confrontation in Sino-U.S. relations following the end of the Cold War. This state of affairs will continue for the next five to 10 years and even longer. This is the strategic deployment of the United States, which does not want to see China become powerful. It cannot be determined by our ardent love for peace and our subjective desire to maintain stability in the Asia-Pacific region. Therefore, the CPC Central Committee and Central Military Commission have reached a consensus, that the possibility of a local military conflict cannot be ruled out. In defending our state sovereignty and territorial integrity and in the struggle to accomplish the great cause of reunification of the motherland, there is no room for making concessions or compromises with foreign aggressors and those who meddle in our internal affairs. This has been our consistent position since the PRC's founding."

Regarding the U.S. fleet which passed through the Taiwan Strait not long ago, Liu Huaqing said: "Recently, the United States has intentionally displayed its naval strength in the Taiwan Strait. However, they must understand that this is the 1990's and not the early 1950's. Although the United States has the right to carry out activities on the high seas, we will fight back if the U.S. military forces carry out military provocation of our Navy and Air Force on the high seas. There was a military confrontation between China and the United States on the high seas of the Yellow Sea in the autumn of 1994. We clearly stated our position at that time. If the United States carries out military provocation first

we will resolutely fight back and we are sure of winning the battle. If the United States intrudes into our territorial airspace or waters, we will have no choice but to deal a devastating blow at the intruders. If the United States occupies Taiwan or stations troops in Taiwan, it will be tantamount to a U.S. declaration of war against China, and we will then declare a state of war and wage a war to fight aggressors and defend the motherland. The United States will then have to pay a more painful price than it did in the Vietnam war."

Military experts in Beijing believe that Liu Huaqing's speech indicates that China has the determination and ability to safeguard state sovereignty and territorial integrity. China made such a statement for the first time and this shows that its overall national strength has been considerably enhanced.

U.S. Businessmen Urge the Government To Sign Another "Shanghai Communique"

Like Deng Xiaoping, the source continued, the third generation of the Chinese leadership attaches great importance to Sino-U.S. relations and expects to establish normal, stable, and constructive relations with the United States. CPC General Secretary Jiang Zemin personally laid down the 16-character policy toward the United States, "increase trust, reduce trouble, develop cooperation, and do not engage in confrontation." After the United States allowed Li Teng-hui to visit the United States last June, however, Sino-U.S. relations evidently deteriorated. Despite the improvement sought later, there were still ups and downs. In early March, a joint U.S. Senate and House conference adopted a bill on amending the "Taiwan Relations Act" which was aimed at ensuring that U.S. arms sales to Taiwan would not be conditioned by the "17 August Communique" signed by China and the United States in 1982. China has always regarded the Taiwan question as the most sensitive and most important in Sino-U.S. relations. If Clinton does not veto the bill, Sino-U.S. relations will retrogress. However, U.S. COMMERCIAL WEEKLY, which reflects the opinions of U.S. commercial circles, proposed in a recent article that China and the United States sign another "Shanghai Communique," that is, the fourth joint communique of which there were reports earlier, the contents of which should include: The United States shall implement the policy of "one China," while China will give up its attempt to reunite with Taiwan by force. This reflects more or less the trend of the times in the United States, which does not want to see a severance of Sino-U.S. relations.

A Sino-U.S. expert in Beijing also believes that the signing of a fourth joint communique between China and the United States would be the best way to

normalize Sino-U.S. ties. If China and the United States hold talks on the signing of a fourth joint communique, China will ask the United States to state its stance on the following: First, implement the policy of "one China" and do not allow Taiwan leaders to visit the United States in any form; second, the "Taiwan Relations Act" should not be used to negate the Sino-U.S. joint communiqués; third, promote trade, mail, and telecommunications across the strait; and fourth, bring about "peaceful reunification" talks between the two sides of the strait. The expert said that the United States should be aware that the third generation of the CPC leadership collective is the most united since the PRC's founding and any practice of stepping up containment of China because of the belief that Jiang Zemin will not be able to assume power will be a serious mistake harming others as well as oneself. Indeed, such a practice is not recommendable.

PRC: Official Refutes 'Human Rights Watch' Report

OW0703143896 Beijing XINHUA Hong Kong Service in Chinese 0927 GMT 7 Mar 96

[FBIS Translated Text] Shanghai, 7 Mar (XINHUA) — In a recent interview with XINHUA, a relevant senior official of the Shanghai Municipal Civil Affairs Department said: The report by the U.S. Human Rights Watch/Asia distorted the truth and wantonly attacked China's humanitarian policy toward handicapped children. Data from the report were willfully concocted by Zhang Shuyun who exaggerated a great deal in disregard of facts, and can be easily refuted by the facts.

The official said: The Human Rights Watch/Asia report discussed at length about the history and present condition of the Shanghai Municipal Child Welfare Institute, fabricating materials which allege that the institute was far worse than the pre-liberation Shanghai City New Puyu Orphanage. The orphanage, the predecessor of the Shanghai Municipal Child Welfare Institute, was founded in 1911 by a member of the Roman Catholic church named Lu Bohong. After the founding of New China, the local government overhauled the place and, in 1956, changed the name to the one it now bears, turning it into a social welfare and charitable organization sponsored by the local government. The institute now covers an area of 23,771 square meters [sq m] and has total floor space of 17,000 sq.m. It has 27 administrative staff members, 25 medical personnel, 242 nursery personnel, and 16 teachers. In 1978, the institute set up a department of handicapped children sent by families and began accepting handicapped children sent by their parents. Today the institute has 600 infants and young children under the age of 16, including

about 500 who were abandoned or are orphans, and the rest handicapped children sent there by their parents. People from abroad who have adopted children from the Shanghai Municipal Child Welfare Institute know very well that it is a home of orphans and handicapped children, which has received the kind concern from the government and its leaders as well from various circles of society, and which gives the assurance of a happier life, better health care, and education for orphans and handicapped children.

The institute implements the principle of fostering, providing medical treatment, and educating orphans and handicapped children, and has done solid work for the life, medical care, and education of the children in the institute. As a result, children in the institute are assured of adequate nutrition, health care, and medical treatment. The institute provides different children with different types of education adapted to their needs. Children with normal intelligence but handicapped limbs are sent to ordinary middle and primary schools; and blind and deaf-mute children are sent to schools for the blind and deaf-mute. Handicapped children who cannot go to schools outside the institute are able to attend the Zhenchan School inside, which have classes for retarded children, preschool children, and lower-grade children of primary school age, and are taught by three higher-grade teachers, four first-grade teachers, and one second-grade teacher of primary school; one first-grade teacher and seven second-grade teachers of kindergarten; and six teacher's aids.

Children in the institute also receive care from the whole of society. More than 700 families in Shanghai have taken part in the activity of good people caring for orphans; 103 families have invited orphans into their homes to let them enjoy the warmth of a family; and more than 1,000 volunteers have visited the institute to care for orphans. The government has increased funds for the institute year after year; and in 1995 alone, funds amounted to over 5 million yuan were appropriated to the institute, in addition to other special funds.

The official added: Zhang Shuyun, who provided information for Human Rights Watch/Asia, was formerly a laboratory technician at the Shanghai Child Welfare Institute. She did not get along well with her colleagues and did not concentrate on her work. She was transferred from one work unit to another many times. In 1988, she was transferred to the institute to be a laboratory technician. Although she was supposed to test blood, urine, and feces, she only ran tests on liver functions and refused to conduct other tests. On many occasions, she used receipts for her personal travel expenses to seek reimbursement from the institute as official travel expenses. She frequently attended to personal matters

during office hours, bringing clothes and blankets from her home to the laboratory and doing the laundry there. She also used the institute's warming apparatus to warm her own food. As a result, she was criticized by the institute's leaders and given disciplinary action. Resentful, she concocted stories and trumped up charges to retaliate against the institute's leaders. For example, the methods and types of maltreatment, rape, and sexual harassment listed in the fifth chapter of the Human Rights Watch/Asia report were purely her inventions. After investigation, the Shanghai Municipal Supervision Bureau concluded that the rape, reported by Zhang Shuyun, of an orphaned girl by Han Tiecheng, former director of the Shanghai Child Welfare Institute, was sheer fabrication. Human Rights Watch/Asia's accusation against Sun Miaolin of sexually harassing a girl has also been proved to be false. Sun Miaolin won national honor as an advanced worker in special education, and made important contributions to programs for promoting children's welfare.

In reality, so-called sexual harassment and corporal punishment simply do not exist in the Shanghai Child Welfare Institute. The cases listed by Human Rights Watch/Asia are groundless. For example, Zhang Shuyun lied about the incident, listed in the fifth chapter of the report, regarding the locking up by child-care worker Xu Shanzhen of Wu Lanyin, an orphaned girl, in a toilet while she was menstruating. Each day, Xu Shanzhen went to work one or two hours earlier to change babies' diapers, to help children change clothes, and to wash, comb, and feed them. Like a loving mother, she looked after severely retarded and violence-prone children, as well as chronically bed-ridden children. On cold days, she even tucked the children's feet inside her padded cotton jackets to keep them warm. She is an advanced worker, respected and loved by workers and children at the institute.

There are simply no such things as misusing medicines and giving contraceptives to girls at puberty at the Shanghai Child Welfare Institute. The institute has a rigorous management system for medical and nursing care. Zhang Shuyun deliberately created confusion to mislead the public. The Shanghai Child Welfare Institute puts children who are 16-years-old or above to work in some simple and light jobs in order to provide them training in production skills. Zhang Shuyun distorted this arrangement and called it child labor. In this, she also had an ulterior motive.

PRC: Editorial Discounts U.S. 'Human Rights Card'

*HK0803072396 Hong Kong TA KUNG PAO
in Chinese 8 Mar 96 p a2*

[Editorial: "U.S. 'Human Rights Card' Is Getting Increasingly Less Effective"]

[PTS Translated Text for FBIS] The United States wants to continue playing its "human rights card," despite the fact that the card is increasingly less effective.

It is reported that the U.S. Department of State has published another human rights report, which criticizes China's human rights situation. The "report" is based on the sentencing of Wei Jingsheng, the so-called Shanghai orphanage issue, and the transplanting of organs of convicts sentenced to death, attacking China for "violating human rights," and "lacking the will to observe basic international norms," "with the absence of legal protection for basic freedoms."

The so-called Shanghai orphanage (Institute for Children's Welfare) issue was sensational "news" fabricated by the BBC and the U.S. "Asia Human Rights Watch." They made up a story that over 1,000 orphans at the Institute for Children's Welfare had died unnatural deaths, censuring China for ill-treating orphans and consciously starving them to death. Not long ago, U.S., British, and French reporters visited the Institute for Children's Welfare in question. In the wake of that visit, diplomatic envoys to Shanghai from 10 foreign countries, including the United States, Britain, France, Germany and Japan, visited Shanghai No. 2 Welfare Institute ("Asia Human Rights Watch" lied that orphans of the Shanghai Institute for Children's Welfare had been transferred there). After the visit, some reporters said: "Our experience here is positive. Without exception, the Chinese workers we have seen are fulfilling their duties to care for the children's health and happiness." Some diplomats said: "Our impression is that no harm has been done to these children, and they are in an absolutely normal condition; in addition, it seems that they are on a healthy diet." A U.S. organization issued a statement, saying "we and the broad American people, together with other people in the world who have the ability to think, condemn such shameless reporting," and "what we must expose are incidents of maltreating children in our own country."

The so-called issue of transplanting organs of convicts sentenced to death was a story deliberately fabricated by Harry Wu Hongda, who had left China for good along with British subject Sue Lloyd-Roberts. The U.S. Government knew very well that the contents of the story had not been verified, but used them as "shells" to bombard China's human rights (conditions) in its human

rights report last year. The Chinese State Council News Office refuted the story, indicating that the transplanting of organs from the corpses of executed convicts was conducted in China in very individual cases. Medical, public health, and scientific research departments could utilize the corpses or organs of executed convicts only with the consent of the convict sentenced to death, his signature of consent or the consent of his dependents, and the approval of related administrative, public health, and judicial departments through strict examination. The procedures are the same for other citizens who voluntarily donate their remains or organs from their remains. Today, the U.S. Government has resorted to those unverified materials again to attack China, saying that "the main source of organ transplants" is convicts sentenced to death.

Conclusions based on fabrications are definitely very absurd. The U.S. Government has repeatedly resorted to those unverified materials as grounds to prove that "human rights are violated" in China. Is it not pouring absurdity on absurdity?

Then there is Wei Jingsheng, and who is he anyway? He is absolutely not a "hero," who "has peacefully expressed his political ideas," and can be "awarded the Nobel Prize" as the United States puts it, but a convict who has violated the Chinese penal code by plotting to subvert the government. When Beijing municipal judicial department heard Wei Jingsheng's case, Wei Jingsheng candidly confessed the facts that the court put forward. He deserves the penalty meted out to him.

In the U.S. human rights report, the handling of such cases as Wei Jingsheng and his ilk plotting to subvert the Chinese Government is regarded as evidence of China "violating human rights." This precisely shows that they have an ulterior motive.

In an article written by a scholar in Beijing, it is indicated that any person who respects objective facts and understands the history and realities of China will fairly acknowledge that the condition of civil and political rights the Chinese people enjoy today is the best in a Chinese history of several thousands of years.

Not long ago, China published its white paper on human rights, in which voluminous facts are cited to illustrate the progress China has made in the cause of human rights. At present China enjoys political stability, economic development, social progress, and nationality unity; the Chinese people are living and working in peace and contentment, and their living standards are continuously rising. Under such circumstances, human rights conditions have taken on a sound momentum of comprehensive improvement. The Chinese constitution and many other laws fully guarantee popular rights and

freedoms. China takes an active part in UN activities in the arena of human rights; it has approved or participated in 15 international pacts on human rights, while earnestly performing its obligations. The U.S. attacks on China for "lacking the will to observe basic international norms," "with the absence of legal protection of basic freedoms" are groundless.

The records of Western countries, including the United States, are not satisfactory; their problems of the basic civil rights of black and Indian people, labor rights, and women's rights, as well as violent crime and drug-trafficking are all very serious; to this day, the United States has not yet approved or joined many international pacts on human rights. It is precisely the United States and not China that is unwilling to abide by international norms on the issue of human rights.

The United States does not deal with the serious problems of human rights existing in its own country, but has unreasonably criticized China's human rights conditions. Why? A statement by a former U.S. national security assistant may well answer the question: "The advocating of human rights has tremendous effects with far-reaching significance, and will quicken the progress of the decline of communism." However, that can only be a one-sided wish. Facts over the years have proved that the U.S. "human rights card" is getting increasingly less effective."

The United States has been using "human rights" to pursue confrontation with China and intervene in China's internal affairs. That is very unwise. Should they fail to change this erroneous practice, in the end they themselves will suffer. It is advisable for the United States to think thrice before it acts.

PRC: U.S. Symposium Views Sino-U.S. Relations
HK0803060796 Beijing RENMIN RIBAO in Chinese
 28 Feb 96 p 6

["Roundup" by He Hongze (0149 3163 3419), REN-MIN RIBAO United Nations-based correspondent: "Approach Sino-U.S. Relations With Strategic View"]

[PTS Translated Text for FBIS] The U.S. Asia Association and the Baker Public Policy Research Institute of the University of Louisville held a large symposium in Houston a few days ago, entitled "China, the United States, and Asia: Challenges Facing U.S. Policies and Commerce." Although the symposium involved relations between China, the United States, and Asian nations, it focused on Sino-U.S. relations. All U.S. businessmen involved with China and scholars involved in the study of China expressed great interest in the topic.

Speakers at the symposium included current senior Chinese and U.S. Government officials, congressmen, noted Chinese and American scholars, officials in charge of large U.S. corporations, ex-senior government officials of Asian nations, and figures from various circles, including Sun Zhenyu, China's vice minister of foreign trade and economic cooperation; Li Daoyu, Chinese ambassador to the United States; Lord, assistant U.S. secretary of state; Baker, former U.S. secretary of state; former ROK Foreign Minister Han Sung-chu; former Philippines Foreign Minister Romulo; and James Lilley, former U.S. ambassador to China. They analyzed from various angles China's development and its relations with Asian countries and the problems facing Sino-U.S. relations, and put forward their respective views on Sino-U.S. ties.

Almost all the speakers believed that China's rise is an indisputable fact. It is an irresistible trend that China will become a powerful nation in Asia and the world at large. China's economic reform and opening up is also irreversible.

Although some speakers expressed their worries over the rise of a powerful China and "national sentiments," most of the participants believed that China is a factor for stability in the Asian region and does not constitute a threat to neighboring nations because China needs stability to develop its economy. The more contacts there are between the economies of China and other countries, the more they will be mutually dependent, bringing about stable relations. Hence, they believed that the policy of isolating and "containing China" was wrong. Conversely, it is necessary to comprehensively develop political, economic, and cultural ties with China. They pointed out that this conformed to the interests of the United States and other Asian nations. A consensus in this regard can be seen in the speeches made by the delegates of the Asian nations.

Regarding Sino-U.S. relations, the participants held that development will be uneven in the next few years. Some described it as "sour as well as sweet." But they all agreed that Sino-U.S. relations are very important, and should not go out of control or develop in the direction of confrontation. Lord said that the issues between the United States and China should be first the way each side deals with the other strategically and then trade, Taiwan, and human rights issues. He reiterated that the United States will not change its policy of "one China" and will not "contain" China. However, he said that 1996 is an election year in America and the two countries still have differences on many issues. Therefore, Sino-U.S. relations will still be difficult during the year and both sides should be very careful in handling relevant issues.

An evident feature of the symposium was that the views of leaders of major U.S. corporations were more vigorous and optimistic than those of other figures. They drew conclusions from their contacts with China, believing that enhanced Sino-U.S. trade relations will benefit both sides and that it is inappropriate to impose sanctions on China. Sanctions imposed on China would be tantamount to sanctions imposed on oneself because other countries would not follow suit and U.S. corporations would lose a lot of commercial opportunities. They particularly criticized the U.S. Government for a lack of continuity in its policy toward China and the difference in view between Congress and the government. They urged the two U.S. political parties and the government and Congress to consult each other frequently on U.S.-PRC relations, and speak in unison.

In his speech delivered at the end of the symposium, Ambassador Li Daoyu said that Sino-U.S. relations should be established on the basis of common strategic interests, which include three aspects: First, geopolitics, that is, both sides share great responsibilities for peace in the Asia-Pacific region and the world at large and the two sides share common interests in the development of the Asia-Pacific Economic Cooperation organization and need mutual cooperation in preventing nuclear proliferation and banning chemical weapons. Second, economy and trade, which have developed remarkably since the establishment of diplomatic relations more than 10 years ago. Such trade is mutually beneficial and has great potential. Third, the field of international cooperation, in which the two countries share many common interests in environmental protection, fighting against drugs and smuggling, and preventing illegal immigration.

Li Daoyu particularly stressed that the three joint communiques and the policy of one China constitute the foundation of Sino-U.S. ties, and that the question of Taiwan is the most sensitive in Sino-U.S. relations. In view of the tense cross-strait situation at present, he said, the roots must be eradicated to ease the tension. Regarding the U.S. Government, it should abide strictly by the three joint communiques, not allow Li Teng-hui to visit the United States, and not sell weapons to Taiwan. He also hoped that the U.S. Congress would understand the importance of Sino-U.S. relations and give impetus to bilateral ties.

PRC: Commentary Views U.S. Sanctions Against Cuba

OW0803092696 Beijing XINHUA in English
0715 GMT 8 Mar 96

["Commentary" by Yuan Bingzhong: "U.S. Sanctions Against Cuba Unpopular"]

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — The United States has gained little support from the international community and even its allies for a bill aiming to ruin the Cuban economy and punish foreign companies who do business with the Caribbean country.

Many countries and organizations have said they will not accept the vengeful measures passed by the U.S. Congress on Tuesday [5 March], and will continue to develop trade and economic relations with Cuba.

The European Union (EU), which accounts for 45 percent of Cuba's foreign trade, and the 14-member Caribbean Community have said the bill violates international law. The EU said it may challenge the measure through the World Trade Organization.

The Russian parliament said it was "alarming" that Washington would impose U.S. law on other countries, while Spain's Foreign Ministry said the measure would have negative consequences for the welfare of the Cuban people.

Canada and Mexico, partners with the United States in the North American Free Trade Agreement (NAFTA), said the bill violates NAFTA's free-trade principles. Canada has drawn up a law which punishes Canada-based U.S. companies which refuse to trade with Cuba.

The United Nations passed a resolution last November urging the U.S. to suspend its 34-year-old economic embargo. Several Western countries have been increasing their trade and economic relations with Cuba in recent years.

In 1995, Cuba attracted more than 2 billion U.S. dollars in foreign investment. Trade between Cuba and the Caribbean Community totaled 30 million dollars last year, while Cuban trade with Canada stood at 515 million dollars.

But the U.S. maintained its hostile attitude toward Cuba and refused to lift its blockade against the island-state imposed since 1961 when Fidel Castro launched Cuba's socialist revolution.

The bill, named after its sponsors, Republican Senator Jesse Helms and Indiana Republican Representative Dan Burton, is another vengeful measure against Cuba in retaliation for the shooting down last month of two U.S.-registered aircraft by Cuban jet fighters.

The Helms-Burton Bill codifies all existing embargo orders issued against Cuba by the White House, effectively preventing Clinton or any future president from rescinding those orders without an act of Congress.

Under the bill, Cuban commodities are forbidden to enter the U.S. market through other countries. The bill would deny U.S. visas to foreigners who profit from property that was confiscated by the Castro administration. It also would allow U.S. nationals whose property was confiscated by Cuba to seek compensation in U.S. courts from any foreign national who bought that property from Cuba's government.

The controversial bill, which was approved easily by the Senate on Tuesday, 74-22, is to be sent to President Bill Clinton, who is likely to sign it.

Observers here said it will not gain the support of the international community and will harm the U.S. itself.

In the international political and economic arena, hegemony, brute force and interference in other countries' internal affairs under the pretext of human rights have lost their efficacy, said observers.

NPC

PRC: Jiang Zemin Meets With Shanghai NPC Delegates

OW0803140896 Beijing XINHUA in English
1353 GMT 8 Mar 96

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — President Jiang Zemin joined in the discussion with Shanghai deputies, addressing such issues as reform of state-owned enterprises, reunification of Taiwan, opening to the outside world, and the importance of science and technology.

In the ongoing session of the National People's Congress (NPC), China's parliament, Jiang said the state-owned enterprises play the backbone role in China's national economy and serve as the force leading the socialist market economy.

The reinvigoration of the state-owned enterprises directly concerns the cause of reform and modernization drive. Their reform and development must gear up to the demands of building modern enterprise system, and to the integration of reform, reorganization, transformation with the building of a leading body, a contingent of workers and scientific management.

China must bear in mind market demands when adopting the policy of selecting the bigger and superior enterprises and letting free the smaller and inferior ones, a guideline to enliven the country's state-owned enterprises, he said.

By setting free the smaller and inferior, it is not meant that these enterprises can left alone or their assets simply sold out, he said. Instead, he added, "we should beef up their pace for revamping by means of re-organization, association, merger into joint stock partnership, leasing, contractual operation or sell-out, as their specific circumstances permit."

Jiang, also general secretary of the Communist Party of China Central Committee, urged localities to establish a large number of enterprise groups and multinational corporations with the backing of major projects. This move, he said, is aimed to attain scale economy and scale performance and enhance their competitive edge on the world market.

Turning to the issue of reunification of Taiwan, he said during a recent period of time, new complexities have emerged in relations across the Taiwan Straits and they have aroused great concern among people of the whole nation.

Jiang, who is also chairman of the Central Military Commission, said Taiwan is an unalienable part of

China and the country will never allow any force in any way to change Taiwan's status as a part of it.

"As long as the Taiwan authorities are refusing to abandon their activities aimed at splitting the motherland even for a single day, our struggle against such activities will also not cease even for a single day," Jiang said.

He told the deputies that "We will continue to develop relations across the Straits and encourage Taiwan businesspeople to invest in the mainland and protect their legitimate rights and interests."

The Chinese president said it is China's consistent national policy to pursue its opening to the outside world, he said. Shanghai and its New Pudong Area, which is still under way, should raise their levels of opening-up so as to better serve as an exemplary role for the rest of China.

China should continue to open up new areas for drawing foreign investment and pay closer attention to the quality of such investment, he said, adding that it will guide the investment to the areas and projects that are badly needed in line with its industrial policy.

Jiang called for developing foreign trade and exploring international market and efforts to be made to increase value-added export commodities to raise the competitiveness of China's export products.

In the panel discussion, Jiang said it is of far-reaching importance to implement the strategies of developing the country by relying on science and education, and in achieving modernization and realizing the two fundamental shifts.

In the panel discussion, Jiang told Shanghai officials to work hard to maintain a reasonable structure in primary, junior and high school education, citing it as an important issue in education reform.

Jiang noted that it is of decisive significance to speed up scientific and technological advances and researches and development of new and high-tech, he said. "We must concentrate ourselves on such major high-tech research projects to make breakthroughs in some of them."

On urban administration, Jiang told Shanghai officials to enhance the construction of community service network and arouse the enthusiasm of neighborhood committees for forming an effective urban administration setup.

Moreover, Jiang encouraged Shanghai officials to work hard to contribute more to economic reform and construction as this largest industrial city plans to turn itself into one of the economic, financial and trade centers and establish itself as an international economic center.

PRC: Qian Qichen on Antiseparatist Aim of Military Drills*OW0803114296 Beijing XINHUA Hong Kong Service in Chinese 0822 GMT 8 Mar 96*

[By reporter Ni Siyi (0242 0934 5030)]

[FBIS Translated Text] Beijing, 8 Mar (XINHUA) — Qian Qichen, CPC Central Committee Political Bureau member and State Council vice premier, said today: The Chinese Government will not change its principles of peaceful reunification and one country, two systems on the Taiwan issue. The fact that the central government does not undertake to renounce the use of force is directed against foreign forces that interfere in the great cause of China's reunification and against independence elements on the island of Taiwan.

Qian Qichen said: What the people of Taiwan should really worry about is that Taiwan independence forces are continuing to develop with the support of anti-China foreign forces. This would be a real disaster. They need not panic over the Chinese People's Liberation Army's military exercises.

Qian Qichen made the remarks today while discussing Premier Li Peng's report with Taiwan deputies to the National People's Congress.

He said: The Taiwan issue is very complicated. The main obstacles to its resolution are some foreign forces that do not want to see a reunified China and that interfere in China's internal affairs, as well as independence forces on the island of Taiwan.

He said: Only by taking resolute and uncompromising measures [jian ding di cuo shi 1017 1353 4104 2238 2457] can we prevent these foreign forces and Taiwan independence forces from developing, and clear the obstacles to the great cause of the motherland's reunification.

He said: We pin our hopes on the people of Taiwan to realize the great cause of the motherland's reunification. We will unite those who are against splitting China and against foreign forces interfering in China's internal affairs. We resolutely oppose those who rely on foreign forces in an attempt to split the motherland. We will not permit any change to Taiwan's status as part of China.

The vice premier, who is also responsible for the State Council Taiwan Affairs Office, said: Although the economic development levels on the two sides of the Taiwan Strait are different, the Chinese mainland provides a strong base for Taiwan's economic development and a vast market for Taiwan's investment. Moreover, the economies on the two sides of the Taiwan Strait are highly complementary. At present, annual trade between

the two sides averages \$20 billion, with Taiwan enjoying a trade surplus of \$10 billion. This is the best proof of this complementarity.

He said: Moreover, the central government will not demand one cent from Taiwan after the two sides are reunified. Like the post-reversion Hong Kong Special Administrative Region, Taiwan will become a special Chinese tariff and trade territory.

He said: A lengthy separation spanning 40 years has led to some differences in thinking and understanding between the people of the two sides. However, the Chinese people's blood ties and the ever-growing cross-strait economic and cultural exchanges are gradually narrowing this gap.

PRC: Qian Qichen's Remarks on Exercises Near Taiwan*OW0803084296 Beijing XINHUA in English 0831 GMT 8 Mar 96*

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — Chinese Vice-Premier Qian Qichen said here today "Taiwan compatriots don't have to panic over military exercises by the People's Liberation Army."

"What they should really worry about is that the 'independence' seekers, with support from some international forces bent on splitting China, continue on their wrong path," he said, warning "that will be a real disaster."

Qian made the remarks at a panel discussion of Taiwan deputies to the National People's Congress now in session here.

China will not change its stand on the Taiwan issue of "peaceful reunification" and "one country, two systems," he said.

The fact that the central government does not undertake to renounce the use of force, he said, is directed against foreign forces intent on separating Taiwan from China and the "independence" seekers in Taiwan, he said.

He said the Taiwan issue is "rather complicated," but the main obstacles to its resolution have been foreign forces unwilling to see a reunified China and the separatists inside Taiwan.

"Only by taking resolute and uncompromising measures against them can we prevent the separatist forces from developing and clear the obstacles for reunification," Qian said.

He dismissed the allegation that differences in economic development and perception of things between the two sides of the Taiwan Straits can be an obstacle for reunification.

The Chinese mainland is a strong base for Taiwan's economic development and provides immense market opportunities for Taiwan businesses, he said.

The annual 20 billion U.S. dollars worth of cross-Straits trade, with Taiwan enjoying a surplus of 10 billion U.S. dollars, is the best proof, according to the vice-premier.

Moreover, the central government will not demand one cent from Taiwan after the reunification, and Taiwan will continue its foreign trade as practiced today, with no interference from the central government, Qian said.

The Chinese people on the two sides of the Straits have some difficulties in understanding each other because of several decades of separation, he said.

"However, with the same cultural origin and more frequent economic and cultural exchanges between them, the perception gap is being narrowed," he said.

PRC: Qian Qichen Says No Need To 'Panic' Over Exercises at NPC

OW0803043496 Beijing XINHUA in English
0407 GMT 8 Mar 96

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — Vice-Premier and Foreign Minister Qian Qichen said here today that "the Taiwan compatriots don't have to panic over the pending military exercises by the People's Liberation Army."

"What they should really worry about is that the 'independence' seekers, with support from some international forces bent on splitting China, continue on their wrong path," he said, warning that "that will be a real disaster."

Qian made the remark at a panel discussion of Taiwan deputies to the National People's Congress now in session here.

PRC: Zhang Wannian Emphasizes Technology for PLA at NPC

OW0703160296 Beijing XINHUA in English
1550 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA)— A Chinese general emphasized the importance of science and technology for developing the combat capabilities of the Chinese army.

"We should seek greater combat effectiveness from quality, from advances in science and technology, and from scientific training and management," said Zhang Wannian, vice chairman of the Central Military Commission.

"The army should make new contributions to safeguarding the country's reforms, opening to the outside world, and its modernization drive," said Zhang, at to-

day's group discussion of the PLA (People's Liberation Army) delegation of deputies to the National People's Congress (NPC) now in session here.

Zhang said the PLA should rely on science and technology to update its weapons, train its soldiers and officers, and establish a scientific operational mechanism.

He reiterated that the PLA should abide "firmly" by the leadership of the Central Party Committee with President Jiang Zemin as its core and the Central Military Commission, to ensure "high stability and unity" for the army.

PRC: Chi Haotian Views PLA Modernization at NPC Panel

OW0703161696 Beijing XINHUA in English
1549 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — A Chinese general said the Chinese army will beef up its modernization efforts in the next 15 years for the national security and reunification of the motherland and to safeguard the country's economic construction.

Chi Haotian, vice-chairman of the Central Military Commission, made the remark during a panel discussion of People's Liberation Army (PLA) deputies attending the ongoing National People's Congress session.

The economic and social development goals and tasks set for the next 15 years by Premier Li Peng reflect the will of the Chinese people, and the economic growth complies with the interests to all the people, including the PLA, in the country. He said.

And the strength of national defense is crucial to creating a peaceful environment for China's economic development, and the significance of stronger defense should be realized by all the army men, he said.

He set the target of gradually forming a national defense mobilization system catering to the needs of the socialist economic development and hi-tech local wars.

President Jiang Zemin has repeatedly stressed the importance of keeping a correct political orientation most recently, and that is the foundation of the army's modernization drive, he said.

"That means that the PLA must be under the absolute leadership of the Party Central Committee and the Central Military Commission with Jiang Zemin as the core," he added.

On the Taiwan issue, Chi said, it has been the responsibility for the army to safeguard the territorial integrity and unity of motherland.

Premier Li Peng has reiterated China's stance on this issue, and demonstrated the determination and confidence of the people to realize the country's reunification, Chi said.

China has been consistently adhering to the "peaceful reunification" policy but shall not undertake to renounce the use of force, he said.

"The People's Liberation Army is always ready to fulfill the sacred mission as entrusted by the party and the people," he said.

PRC: NPC Deputies on PLA Duty To Safeguard National Security

*OW0703204496 Beijing XINHUA in English
1425 GMT 7 Mar 96*

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — The People's Liberation Army (PLA) is held responsible for safeguarding national security in the course of accomplishing China's grand goals for economic expansion.

The view was shared by PLA deputies who are attending the on-going session of the National People's Congress.

Li Junlian, the navy's deputy Party political commissar, said, "the armed forces should keep sober-minded at a time when the international situation is complex, and particularly when some Western countries are stepping up attempts to break up and Westernize China."

"The PLA is duty-bound historically to contain Taiwan's splittist activities and safeguard the peaceful reunification of the motherland," Li added.

Li Yunshan, an NPC deputy from the strategic missile forces, noted that in the current changeable international circumstances, the people's troops should perform the sacred duty of safeguarding the motherland's territorial integrity as well as the security of its territorial seas.

Encouraged by Chinese President's inspection of the navy last year, Wang Xugong, commander of the Naval Air Force, pledged that the navy will further raise its combat efficiency.

Lu Tiangyan, who is a deputy from the strategic missile forces, made the promise that the PLA will take the road of bettering troops through science and technology, and contribute to the country's development programs.

Liu Huaqing, vice-chairman of the Central Military Commission, attended the panel discussions of PLA deputies Wednesday and Thursday.

PRC: Liu Huaqing Addresses PLA Delegation to NPC

*HK0803095496 Beijing JIEFANGJUN BAO
in Chinese 4 Mar 96 p 1*

[Report by reporters Zhang Rousang (1728 2677 2718) and Gao Aisu (7559 5337 5685): "PLA Delegation to Fourth Session of Eighth NPC Formed"]

[PTS Translated Text for FBIS] Beijing, 3 Mar— The People's Liberation Army (PLA) delegation to the Fourth Session of the Eighth National People's Congress (NPC) was established today. Liu Huaqing was elected chief and Zhang Zhen, Zhang Wannian, Chi Haotian, and Yu Yongbo deputy chiefs.

Of 263 PLA deputies to the NPC, 261 attended the current session, with the remaining two asking for sick leave.

At the inaugural meeting, Liu Huaqing made an important speech on how Army deputies should perform their duties and play a better role. He pointed out that the current NPC session is a very important meeting in the wake of the Fifth Plenary Session of the 14th CPC Central Committee. The meeting will deliberate and decide upon a number of major issues concerning China's reform, opening up, and modernization drive for a fairly long period to come, and devise a magnificent cross-century blueprint for building socialism with Chinese characteristics, in accordance with the CPC Central Committee "Proposal." He said this year marks the beginning of the Ninth Five-Year Plan and the year when a foundation will be laid for achieving the targets for the next 15 years. For the NPC to call a session in such a crucial period is of great importance to mobilizing the people of all nationalities nationwide to forge ahead toward set targets with full confidence and to strive for new victories under the guidance of the CPC Central Committee. In his speech, Liu stressed the need to enhance political consciousness and increase the ability to participate in the administration and discussion of state affairs. He said: General Secretary Jiang Zemin recently repeatedly emphasized that all levels of leading cadres, high-ranking cadres in particular, must stress politics. PLA deputies to the NPC should be stricter with themselves in this respect and have a higher level of consciousness.

Liu called on the Army deputies to clearly understand their historical duty. He also told them to seriously and carefully deliberate various items under discussion in the spirit of taking a high degree of responsibility for the party, state, and the people, and suggest ways and means for the construction of the country and Army.

PRC: 'Text' of Martial Law Ratified by NPC Committee

OW0703145496 Beijing XINHUA Domestic Service
in Chinese 1525 GMT 1 Mar 96

["Text of Martial Law" — XINHUA headline]

[FBIS Translated Text] Beijing, 1 Mar (XINHUA)
— The 18th Session of the Eighth National People's
Congress Standing Committee ratified the Martial Law
of the People's Republic of China on 1 March 1996.

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Chapter 1: General Principles

Article 1: This law has been formulated in accordance
with the PRC Constitution.

Article 2: In a state of emergency during which a turmoil
[dong luan 0520 0052], a riot [bao luan 2525 0052], or
a disturbance [sao luan 7510 0052] occurs where only
emergency measures can help preserve social order and
protect the people's lives and property, the state can
decide to enforce martial law.

Article 3: If martial law enforcement is necessary in the
entire nation, a province, an autonomous region, or a
municipality directly under the central government, the
State Council must submit it to the National People's
Congress [NPC] Standing Committee for decision; the
PRC president will promulgate the martial law decree
in accordance with the NPC's decision.

If martial law enforcement is necessary in a part of
a province, an autonomous region, or a municipality
directly under the central government, the State Council
can decide on it, and the premier of the State Council
will promulgate the martial law decree.

Article 4: During martial law enforcement, the state
can, in accordance with this law, formulate special
regulations in a cordoned-off area on practicing civilian
rights and freedom stipulated by the constitution and
law, to ensure martial law enforcement and preserve
social security and order.

Article 5: The people's government in the area under
martial law should take necessary measures in accor-
dance with this law to restore social order to normal

as soon as possible, and protect the people's lives and
property as well as the supply of basic daily necessities.

Article 6: All organizations and individuals in the area
under martial law must strictly abide by the martial law
decree, implement its provisions, and actively assist the
people's government in restoring social order to normal.

Article 7: The state should take effective measures to
protect organizations and individuals who abide by the
martial law decree and implement its provisions, so that
their legitimate rights and interests will not be infringed.

Article 8: Martial law will be executed by the People's
Police or the People's Armed Police; if necessary,
the State Council can refer to the Central Military
Commission for a decision on sending PLA units to
assist martial law enforcement.

Chapter 2: Martial Law Enforcement

Article 9: Implementation of martial law in the entire
nation, a province, an autonomous region, or a munic-
ipality directly under the central government rests with
the State Council.

The institutions that implement martial law are called
martial law enforcement institutions.

Article 10: Martial law enforcement institutions shall
establish martial law command organs, which shall
coordinate and enforce operations related to martial law
enforcement, and implement martial law measures under
a unified plan.

PLA units enforcing martial law are commanded by
a military institution designated by the CMC under a
unified plan of the martial law command organs.

Article 11: Martial law shall stipulate such matters as the
martial law area, duration, and enforcement institutions.

Article 12: When a state of emergency as stipulated in
Article 2 ceases, martial law shall be lifted promptly.

The procedure for lifting martial is same as the proce-
dure for declaring it.

Chapter 3: Martial Law Enforcement Measures

Article 13: In the duration of martial law, martial
law enforcement institutions may adopt the following
measures in the martial law area and formulate specific
implementation procedures:

- (1) ban or restrict assembly, parade, demonstration,
speech-making in the street, and other group activities;
- (2) ban strikes by workers, shopkeepers, and students;
- (3) impose press censorship;

- (4) impose control on correspondence, mail, telecommunications;
- (5) impose entry and exit controls; and
- (6) ban any activities against martial law.

Article 14: For the duration of martial law, martial law enforcement institutions may impose traffic control in the martial law area, and restrict personnel from leaving or coming into areas under traffic control, or carry out inspections of identification papers, vehicles, and articles in areas under traffic control.

Article 15: For the duration of martial law, martial law enforcement institutions may impose curfews in the martial law area. A person passing through streets and other public areas in curfew areas must have his own identification card and a special pass issued by the martial law enforcement institution.

Article 16: For the duration of martial law, martial law enforcement institutions or the martial law command organs may adopt special administrative measures on the following articles in the martial law area:

- (1) arms, ammunition;
- (2) cutting tools under control;
- (3) inflammables and explosives; and
- (4) hazardous chemicals, radioactive materials, highly toxic materials.

Article 17: Where the need of martial law enforcement arises, people's government at the county level or higher in the martial law area may requisition, on a temporary basis, the houses, sites, facilities, transport vehicles, and engineering equipment of government organs, enterprises and establishments, mass organizations, and individual citizens. Under special emergency conditions, commanders of martial law-enforcing People's Police, People's Armed Police, or the PLA at the site may make requisition decisions on the spot, and the local people's government shall accord cooperation. Receipts shall be issued for requisitions.

Temporarily requisitioned articles as stipulated in the previous paragraph shall be returned promptly after use or when martial law is lifted. Damage resulting from requisitioning shall be compensated by the people's government at the county or higher level in accordance with relevant state regulations.

Article 18: During martial law enforcement, measures and security precautions must be strengthened for the following units and establishments in the areas under martial law:

- 1. Leading institutions;

- 2. Military institutions and important military facilities;
- 3. Foreign embassies, consulates, representative institutions of international organizations in China, and where state guests reside;
- 4. Radio stations, television stations, state news agencies, other important press units, and their important facilities;
- 5. Public-owned enterprises and public facilities having major bearings on the national economy and the people's lives;
- 6. Airports, railway stations, and ports;
- 7. Prisons, labor camps, and detention centers;
- 8. Other units and establishments requiring stricter security precautions.

Article 19: To ensure the supply of basic daily necessities for the people in the areas under martial law, martial law enforcement institutions may introduce special management measures over the production, transportation, supply, and prices of basic daily necessities.

Article 20: Martial law enforcement institutions must announce the measures and methods for implementation of the martial law decree in accordance with this law, if the civilians are required to abide by these measures and methods; in the course of implementation, if there is no further need for implementation of these measures and methods, an announcement must be promptly made for suspension of implementation, depending on how the situation stands.

Chapter 4: Responsibilities of Martial Law Enforcement Personnel

Article 21: The People's Police, the People's Armed Police, and the PLA performing martial law tasks are martial law enforcement personnel.

When performing martial law tasks, martial law enforcement personnel must wear signs designated by martial law enforcement institutions.

Article 22: In accordance with the regulations of martial law enforcement institutions, martial law enforcement personnel have the right to check the documents, vehicles, and belongings of people on public roads or in other public establishments in the areas under martial law.

Article 23: In accordance with the regulations of martial law enforcement institutions, martial law enforcement personnel have the right to detain anyone violating curfew regulations, until the curfew is over the following

morning, and they have the right to search the individual detained, and check his belongings.

Article 24: In accordance with the regulations of martial law enforcement institutions, martial law enforcement personnel have the right to immediately detain the following individuals:

1. Criminals or major suspects endangering state security or undermining social order;
2. Those who obstruct or defy the implementation of martial law tasks by martial law enforcement personnel;
3. Those who defy traffic control or curfew regulations;
4. Those who conduct activities defying the martial law decree.

Article 25: In accordance with the regulations of martial law enforcement institutions, martial law enforcement personnel have the right to search the individual detained, and to search the residence of a criminal suspect or an establishment involved in harboring criminals, criminal suspects, weapons, ammunition, or other dangerous goods.

Article 26: In one of the following crowd-gathering situations in an area under martial law, martial law enforcement personnel may, in accordance with the relevant regulations, use police instruments [jing xie 6226 2750] to forcibly stop or disperse the crowd if persuasion proves useless, and may forcibly take away or immediately detain the organizer and individuals who do not obey orders:

1. In a situation where there is an illegal gathering, parade, demonstration, or any other assembling activities;
2. In a situation where there is illegal occupation of public places or instigation to carry out sabotage in public places;
3. In a situation where state institutions or other important units and establishments are attacked;
4. In a situation where there is disruption of traffic order or a deliberate attempt to cause traffic congestion;
5. In a situation where there is a robbery or destruction of the property of institutions, organizations, enterprises, undertakings, or civilians.

Article 27: Martial law enforcement personnel should promptly register and question the person detained in accordance with this law; if there is no need for further detention, the person should be immediately released.

The procedures and time limits for detention or arrest during martial law enforcement are not restricted by PRC Criminal Procedural Law provisions, but an arrest

must be approved or decided by the people's procuratorate.

Article 28: In one of the following emergency situations in an area under martial law, martial law enforcement personnel may resort to the use of guns and other weapons if police instruments prove to be of no avail:

1. In a situation where the lives and safety of the civilians or martial law enforcement personnel are jeopardized by violence;
2. In a situation where the person detained, arrested, or transported under escort commits a physical assault or tries to get away;
3. In a situation where weapons or ammunition are being stolen;
4. In a situation where the important person or establishment under security guard is attacked by violent force or is facing imminent danger of being attacked by a violent force.
5. In a situation where the performance of fire control, rescue work, or any other major and urgent tasks is obstructed by a force of serious violence;
6. In a situation where the use of guns and ammunition is allowed by law or administrative regulations.

Martial law enforcement personnel must strictly abide by the regulations governing the use of guns and ammunition.

Article 29: Martial law enforcement personnel should observe laws, regulations, and duty-related rules; obey orders; perform their duties; respect local habits and customs; and must not harm or infringe on civilians' legitimate rights and interests.

Article 30: Martial law enforcement personnel's lawful performance of duties is protected by law.

If martial law enforcement personnel violate the provisions of this law, abuse their powers, harm or infringe on civilians' legitimate rights and interests, they will be held responsible by law for what they have done.

Chapter 5: Annexes

Article 31: If a serious disturbance [sao luan 7510 0052] suddenly occurs in a part of a county or city, and this disturbance seriously endangers state security, social and public order, as well as the people's lives and property, but the state has not decided on enforcing martial law, the relevant provincial government can, with the State Council's approval, send the people's police and the people's armed police to exercise traffic control and on-the-spot control, to restrict people's

entry into the controlled area, to check the documents, vehicles, and belongings of the people going in and out of the controlled area, to forcibly disperse, take away, and search the participants in the disturbance, and to immediately detain the organizer and individuals who do not obey orders. If the people's police or the people's armed police do not have adequate men to preserve social order, they can request the State Council to refer to the Central Military Commission, which will make a decision on sending the PLA to assist the local government in restoring and maintaining normal social order.

Article 32: This law comes into force on the date of promulgation.

PRC: NPC Member Urges Press Freedom, Open Government

HK0803060596 Hong Kong EASTERN EXPRESS in English 8 Mar 96 p 1

[By Fiona Holland]

[PTS Transcribed Text for FBIS] A Chinese National People's Congress member last night urged Beijing to allow greater freedom of the press and establish a more open government in a dramatic rejection of party line.

Zhang Hongjun, the deputy director of the NPC's legislative division of the environmental and resources protection committee also said China-Taiwan tensions were a direct result of misconceptions in each state, saying "it is also very important for understanding an exchange between the different people of mainland China and Taiwan".

He said pressure was mounting in China for greater public participation in state affairs but admitted it would depend on political reform, which was "still a sensitive matter".

Zhang, speaking at the end of a workshop on environmental law in Hong Kong last night, said he hoped political reform could soon be achieved as the people rallied for a say in their own lives.

"I am not sure when China will be better but the argument from the people is becoming stronger and stronger," he said. "I hope in the near future — I don't know the exact time that Chinese people will have more political participation."

Zhang cited environmental pollution as an example of central government policy failing the nation and restricting valid media debate.

"What is the reason?" he asked.

"Partly because environmental legislation is not very workable, and partly because of the economic and political system. The Chinese government has done a lot of things in economic and political reform but it is not enough.

"Many people, including environmental people, argue for more improvement in economic and political reform. We argue the government and the party should do more in this field.

"What we are trying to do is make environmental news freedom the first area of Chinese news freedom," he said.

PRC: Jiang Zemin Pledges Protecting Interests of People

OW0703201396 Beijing ZHONGGUO XINWEN SHE in English 0241 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (CNS) — Jiang Zemin, Chinese President and Secretary General of the Communist Party of China, pledged that the interests of workers, peasants and intellectuals will be guaranteed in the process of reform and opening up to the outside world.

This remarks were made during a discussion with NPC delegates from Jiangsu Province on the draft Ninth Five Year Plan, the Development Outlines for the next 15 years and Premier Li Peng's report to the National People's Congress.

Liang said that "we are building socialism with Chinese characteristics. Our fundamental purpose is to work for the interests of the people."

"During the process of China's modernization, we will stick to one important principle emphasis will be placed on protecting the realistic interests of workers, peasants and intellectuals, progressively improving their standard of living, and letting them fully enjoy the fruits of the reform and open door policy as well as economic development. Only by so doing, can our reform and development be based on a solid foundations and propelled with a tremendous impulse," President Jiang said.

In the past, a number of local authorities relied on extensive investment for economic growth, Jiang pointed out. He said that this way of thinking must be abandoned.

To meet the fierce competition of the international market, China must depend on hi tech, upgrade the quality of its labour, and improve economic returns by concentrating available resources on intensive processing and production, the Chinese President stressed.

PRC: Jiang Zemin on Distribution of Wealth at NPC

OW0703141896 Beijing XINHUA in English
0813 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — Chinese President Jiang Zemin emphasized the importance of the average man benefiting from China's modernization program.

"In the process of achieving modernization, we must always persist in one important principle, that is, in wealth distribution, emphasis must be placed on ensuring first of all that workers, farmers and intellectuals get actual benefits and that their living standard keeps improving," the president said.

"Only when there is a general improvement in the living standard of workers, farmers and intellectuals can our reform and economic development have popular support and get its motive force," he said.

Jiang, who is also general secretary of the Chinese Communist Party Central Committee, made the remarks at a panel discussion attended by Hainan deputies to the National People's Congress now in session here.

The deputies were deliberating on Premier Li Peng's report on China's development plans for the next 15 years.

Jiang called for Hainan, China's southernmost province and biggest special economic zone, to play an exemplary role for the rest of the country in opening to the outside world and boosting economic development.

"While developing itself, Hainan should help other areas develop," he said. "This is a common task of all special economic zones."

Jiang expressed the hope that the province would quickly develop economies of scale for its tropical agriculture by injecting more funds into scientific research, improving management and developing high value-added processing for farm produce.

The president also urged Hainan to develop economic and technological cooperation with overseas businesses and do a good job of developing its Yangpu Development Area by attracting overseas investment.

The president also stressed the importance of promoting socialist cultural and ideological progress in the province.

PRC: Agriculture Minister Affirms Food Self-Sufficiency

OW0703201196 Beijing ZHONGGUO XINWEN SHE in English 0456 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (CNS) — At a joint press conference of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) this morning, Liu Jiang, Minister of Agriculture, said that the Chinese could feed themselves. After 30 years, people would see that the prophecy "who was going to feed China" was wrong.

According to Mr. Liu, doubts whether the Chinese can rear themselves have existed for long. On the eve of the erection of the New China, the U.S. Secretary of State predicted that the Chinese governments would prove incapable of tackling its food problem and would have to rely on overseas grain imports.

Food production was a big problem for the Chinese government which placed great emphasis on agriculture after the creation of the New China to rapidly raise grain production. From 1984 to 1995, grain production rose by 2 percent annually to 450 million tonnes. At present, the consumption of meat, fish, poultry, eggs and vegetables per head exceeds the world average. China has 7 percent of the arable land in the world from which to feed 22 percent of the world's population. It is moving in the direction of prosperity.

By 2030, when the population of China will reach a peak of 1.6 billion, the demand for grain may be over 600 million tonnes. According to this goal, grain production should rise to 4 billion kilograms in the next 35 years; this could be achieved with an annual growth of less than 1 percent. Over the 46 years since the birth of the People's Republic of China, annual grain output has grown by close 8 billion kilograms, or 3 percent annually. Therefore, the Chinese are able to feed themselves in the next century.

PRC: Qiao Shi on Efforts To Reform Industrial Bases

OW0703211796 Beijing XINHUA in English
1356 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — More efforts should be made to invigorate China's traditional industrial bases by revamping management mechanism and renewing technologies and equipment, said Qiao Shi, China's top legislator, here today.

Joining a panel discussion on Premier Li Peng's report on the development goals for the next 15 years, Qiao said the reform of major industrial bases will be

crucial to the country's economic growth in the coming decades.

Those bases have been where most of China's large and medium-sized state-owned enterprises are located.

Premier Li Peng has promised in his report to "speed up the reform to the traditional industrial bases" in order to overcome the many difficulties they are facing, such as heavy economic burdens and low economic returns.

Qiao urged these enterprises to summarize both domestic and foreign experience in running state enterprises and set up the modern corporate system as early as possible.

And the governments should create a better environment for their operations by the means of separating the function of government bodies from the management of enterprises concerning matters of business operations, he said.

Overseas investment to retool the enterprises is encouraged, and advanced managerial expertise and technologies should also be introduced at the same time, he said.

A new social security system should be established to facilitate the revamping of the state-owned enterprises, especially the larger ones, he said.

With mechanism catering to market operations and advanced management and technologies, the traditional industrial bases are expected to be invigorated and will play a bigger role in the country's economic development, Qiao said.

PRC: Petitioner Warns Jiang Zemin Against Western Theories

HK0803092296 Hong Kong SING TAO JIH BAO in Chinese 1 Mar 96 p A6

[Report by Kuang Tung-Chou (6782 0681 5297): "Nonagenarian Professor Petitions Jiang Zemin Against Blind Worship of Western Theories"]

[PTS Translated Text for FBIS] Since Deng Liqun, the country's best-known "leftist" to the outside world, presented a petition to Zhongnanhai last year, the mainland theoretical circles have of late set off an "upsurge" of petitions about a wide range of issues, such as economic theories, social customs, social stability, and so on. Analysts believe that this unprecedented "craze of petitions" is soon to reach the forthcoming National People's Congress [NPC] session and Chinese People's Political Consultative Conference [CPPCC] session.

Beijing University Professor Chen Daisun, who is 96 years old this year, presented a 10,000-character petition

to Jiang Zemin at the end of last year, accusing at length China's economic circles of blindly worshipping Western economic theories and indiscriminately and unanalytically transplanting certain Western economic theories unsuitable to China's conditions. This has, Professor Chen stated, caused theoretical disorder and undermined economic work as well.

Chen Daisun is known as the prince of the Chinese economic theoreticians. He obtained a doctorate from Harvard University in the mid-1920s. He is known to be well versed in both Chinese and Western learning. After returning to China, he mainly taught economic history, financial theory, statistics, and some other courses for more than 60 years.

Beijing's theoretical circles have voiced diversified views with regard to Professor Chen's petition. Some hold that Professor Chen has "hit hard at the ills of the time." Others disagree, saying that he has adhered to the same views for many years and his latest petition contains nothing new.

As a matter of fact, people have expressed two diametrically opposed views on China's present economic problems. Some maintain that China's market economic functions have not been brought into full play because China has failed to implement a market-oriented reform to the letter and two different structures continue to co-exist at the moment. Others hold that China's overemphasis on the market has caused economic chaos and disorder.

While Professor Chen Daisun was petitioning Jiang Zemin, Fang Keli, scholar at Graduate School of the Chinese Academy of Social Sciences, was also petitioning Zhongnanhai. Fang Keli stated that China should adopt a hard-line stance toward the United States. Apart from Beijing-based scholars, scholars from such a far-away place as Shanghai have petitioned Jiang Zemin. Qu Shijing, research fellow at the Research Institute of Shanghai Academy of Social Sciences, wrote an article entitled "Modern Times and Stability—Proposal on Safeguarding Long-Term Social Stability," in which he suggested to Zhongnanhai: To safeguard long-term stability, the authorities should not place officials that refuse to submit to the central authorities or take the interests of the whole into account into important positions.

Qu Shijing emphasized that the authorities should punish in accordance with the law all corrupt and power-abusing officials irrespective of their rank and position, but should refrain from advancing anti-corruption slogans lacking in legal implications so as to avoid excessive political mobilization in society.

PRC: Agriculture Minister on Higher Grain Prices at NPC

HK0803060096 Hong Kong SOUTH CHINA MORNING POST in English 8 Mar 96 p 10

[By Daniel Kwan in Beijing]

[PTS Transcribed Text for FBIS] The price the state pays for farmers' grain will increase 20 per cent this year but the Government is confident that the rise will not jeopardise Beijing's goal of keeping inflation under 10 per cent, said Agricultural Minister Liu Jiang yesterday.

The increase is necessary if China is to maintain its 1996 grain output at last year's level — 465 million tonnes, the minister said.

Premier Li Peng has set the single-digit inflation ceiling in his Government Work Report.

At a press conference organised by the National People's Congress, Mr Liu said the 20 per cent lift in grain price was already factored into the Government's 1996 inflation target and would not boost prices.

National pride dominated the first-half of the 90 minute-long press conference with Mr Liu rejecting forecasts by foreign agronomists that China would not be able to feed its own people by the next century.

According to Mr Liu, grain production will reach 600 million tonnes by 2030 when the population jumps to 1.6 billion. He said China would only need to raise its grain production by one per cent a year to reach its goal. But he added the goal of self-sufficiency did not exclude China from the international grain trade and China would make up any domestic shortfall by buying in the world market.

China would continue to import a third of its total grain imports from the US. This would not be affected by the political wrangle between Beijing and Washington, Mr Liu said. "This proportion has been very stable and will continue to be so," he said. On the other hand, the minister shunned an offer by Taiwan President Lee Teng-hui [Li Teng-hui] to share the island's agricultural experience with the mainland saying Taiwan had no superiority over the mainland in the development of agriculture.

He said history had proved that under socialism, China had made great strides in its agricultural development. But he did warn against both "pessimism and blind optimism" as China still had to feed one-fifth of world's population with only seven per cent of its arable land.

Another speaker, Vice Minister Wan Baorui, said the state had announced five measures to limit farmers'

soaring costs. Under these measures leading cadres will be held personally responsible in the cost-cutting fight and a better-administered accounting system will be set up to prevent abuses by local officials.

PRC: Ren Jianxin Stresses Social Stability at NPC

OW0803095496 Beijing XINHUA in English 0936 GMT 8 Mar 96

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — A high-ranking Party official today stressed the importance of maintaining sustained social stability to guarantee the achievement of the country's development plan for the next 15 years.

Ren Jianxin told deputies from north China's Shanxi Province to the National People's Congress in session here that political and social stability is the key to achieving success for China's reform and development.

Ren is a member of the Secretariat of the Chinese Communist Party Central Committee and secretary of its Political Science and Law Committee.

He warned that destabilizing factors remain, as evidenced by occurrences of infiltration, subversion and sabotage attempts by certain countries trying to westernize and separate China, increase of crimes, and a rise in illicit religious and separatist activities.

He said deterioration of public security conditions with an increase of grave crimes in some places calls for more efforts to combat crimes.

Armed crimes, drug trafficking and criminal gangs are among those to be cracked down with extra force and speed, he said.

Fighting crimes should be the concern of the whole society, Ren pointed out, and a crime-combating mechanism "draws in every social quarter should be formed.

Commenting on improvement of law enforcement, he said an internal supervision and restriction mechanism must be developed to expose and remove corrupt law enforcers in accordance with relevant laws.

PRC: Agriculture Minister on 1996 Development Plans

OW0703200996 Beijing ZHONGGUO XINWEN SHE in English 0522 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (CNS) — Chinese Minister of Agriculture Liu Jiang today said China's flexible agricultural development plans for 1996 could be easily fulfilled.

Mr. Liu said that China's output of grain rose by 20 billion kilograms to an historic high 465 billion

kilograms in 1995. Grain output by the turn of the century will be between 480 and 500 billion kilograms. This will represent an average annual growth of 5.7 billion kilograms. Actual output may however exceed that predicted. Historically China, the Minister said, had two bountiful years, two ordinary years and one poor year in every five year cycle.

CPPCC

PRC: Businessman Views Private Sector Role at CPPCC Session

OW0703142196 Beijing XINHUA in English
0900 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — China's private economic sector can contribute to the fulfilment of the country's economic development goals, but the sector needs guidance, according to a well-known businessman.

The remark was made by Jin Shuping, chairman of the All-China Federation of Industry and Commerce, who is here attending the annual session of the Eighth National Committee of the Chinese People's Political Consultative Conference.

"Serving as a bridge between the government and the private economic sector, my federation will actively guide representative personages of the private sector to serve national economic development," said Jin, a former businessman.

"The federation will urge them to be patriotic, industrious and law-abiding, and make their due contributions to the fulfilment of the country's economic development plans," he said.

By the end of 1995, China had a total of 655,000 private businesses, which employ 9.56 million people.

Jin said his federation has been providing guidance for private businesses in the following areas:

First, urge them to serve state-owned enterprises;

Second, encourage them to serve agriculture;

Third, urge them to provide services for people in their daily life;

Fourth, guide them to contribute to foreign trade; and,

Fifth, guide them to contribute to narrowing income disparities and achieving common prosperity.

Jin said private businesses have invested a total of 1.2 billion yuan in Guizhou, Gansu and Xinjiang since 1994 with more than 500 projects launched.

"This is our way of helping the poor," he said.

PRC: Li Ruihuan Views Minority Area Development at CPPCC

OW0703144696 Beijing XINHUA in English
1255 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — A senior Chinese leader called for accelerating economic development in ethnic minority areas.

"The central theme for work in ethnic minority areas is to develop local economies and improve the living standard of people there," said Li Ruihuan, a member of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) Central Committee and chairman of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Li made the remark at a panel discussion attended by CPPCC members from ethnic minority areas and religious circles.

"Development in ethnic minority areas should keep in pace with that of the whole country," he said.

Li expressed confidence that, with the unity of various ethnic groups consolidated and their initiatives mobilized, the country's scheduled economic development goals can be fulfilled.

After hearing speeches made by members from religious circles, Li emphasized the importance of strictly carrying out the Communist Party's policies on religion.

PRC: Li Peng Speaks to CPPCC Panel on Education

OW0703170496 Beijing XINHUA in English
1615 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — Giving priority to education and improving the quality of the Chinese nation is the key to achieving modernization of the country, said Chinese Premier Li Peng.

Li made the remark at a panel discussion this morning attended by members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

The members were discussing China's development plans for the next 15 years.

The premier listened attentively and took notes when the members aired their views on restructuring of the educational system, investment in education, the training of teachers, policies on students studying abroad and educational development in ethnic minority areas.

Li thanked the members for their good suggestions on education, saying that education must command the special attention of governments at different levels. Local officials must deal with education-related problems in accordance with local conditions, he said.

Li Peng said, school teaching and researches should be geared to the demand of a socialist market economy for talents, and educational circles should improve the efficiency of school management by deepening the education reform.

More emphasis should be put on basic and vocational education, he said.

The government's policy giving students studying abroad the exit-entry freedom has proved correct, he said. The government welcomes those who come back to contribute what they have learned abroad to the motherland's development, and will provide good working and living conditions for them.

"We have already adopted a returned scholar's suggestion that 30 million yuan be allocated each year to finance researches by young and middle-aged scientists," the premier said.

Li said China aims at increasing the proportion of education funds in the total GDP to four percent of the GDP at the end of the century, and the proportion of education funds in local expenditures must not be lower than 15 percent on average.

Said Li Lanqing, a vice premier, who was also present at the discussion, "A total of 20 billion yuan has been invested in building housing for teachers in the past two years, and work should continue in this regard."

PRC: CPPCC Expert Comments on Government Work Report

OW0703200896 Beijing ZHONGGUO XINWEN SHE in English 0356 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (CNS) — Macro-economic regulation last year recorded striking success in the fight against inflation but, a financial expert has warned, that the continuing high rate of inflation was no cause for complacency.

Liu Hongru, member of the Chinese People's Political Consultative Conference, made his remarks when commenting on the government work report. Mr. Liu was convinced that price rises in recent years were attributable to a number of reasons although he believed that deficit financing was the most troublesome.

National bonds issued this year will amount to RMB [renminbi] 190 billion, most of which will be used to pay outstanding debts and finance the deficit. Sub-

scribers will be financial institutions with a large public investor base. Should the debt burden not be effectively tackled and bonds become the main source of capital for servicing, the problem of debt would remain unresolved so that more money would have to be released and this cause inflation.

The financial expert pointed out that what was more serious lay in excessive bank credit for financial expenditure. Banks are the main source of loans but some loans became bad debt in the end. Adverse impacts on banks will result from sustained drains on revenue to the extent that some banks would be running at a loss.

Mr. Liu stressed that much more attention had to be paid to the fiscal factor, which was closely related to inflation. Fiscal as well as monetary policy should be accorded equal attention when considering inflation. Effective measures could then be worked out to meet the target set for the current five-year plan.

PRC: Provincial CPPCC Committees 'Active' in Local Affairs

OW0703211896 Beijing XINHUA in English 1424 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — Local committees of China's top advisory body have been active in political consultation, democratic supervision and participation in state affairs, said committee members at a press conference here today.

Sun Qi, chairman of Liaoning Provincial Committee of the Chinese People's Political Consultative Conference (CPPCC), said over 30 research reports and proposals made by his committee drew attention from leading officials last year.

The provincial committee of the Communist Party of China (CPC) and the provincial government attach great importance to the work of his committee, he said, citing a decision by the provincial government to support and strengthen the committee's work.

Zhou Yaguang, chairman of CPPCC Shaanxi Provincial Committee, said supervision by his committee has been strengthened in the northwestern Chinese province, particularly in supervision over policy implementation.

He said in 1994 his committee found "not a few problems" in the 16 policies and measures the local government had issued on educational reform. Proposals raised by Zhou's committee resulted in an increase in funding for education.

Nie Ronggui, chairman of CPPCC Sichuan Provincial Committee, said a major boost to the democratic consultation system in the southwest province is: the lo-

cal CPPCC committee is now notified of and solicited for opinions on important documents, legal regulations, work reports and administrative rules by the provincial government and the provincial people's congress before they are decided and issued.

Last year many of his committee's proposals were adopted by local authorities.

PRC: CPPCC Session Hears Reports From Subcommittees

OW0803032496 Beijing XINHUA in English
0236 GMT 8 Mar 96

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — A subcommittee of China's top advisory body has received 2,377 proposals from members, non-communist parties and special committees in the past year, and actions have been taken to solve issues raised in 1,766 proposals.

Zhou Tongshan, deputy director of the Subcommittee For Handling Proposals of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC), announced the result in a report on the subcommittee's work in the past year he made this morning at the second plenary meeting of members attending the current CPPCC session.

Zhou said, the proposals concern agriculture, reform and development of the state-owned sector, the strengthening of macroeconomic controls, inflation control, improvement of the overall quality of the national economy, adjustment of the industrial structure, the narrowing of regional gaps, development of science and education, and improvement of moral standards and the legal system.

"Suggestions raised in the proposals have exerted an extensive positive influence," he said.

Some members spoke at the meeting.

Yang Rudai, a vice-chairman of the CPPCC National Committee, put forward ten proposals for narrowing economic gaps between China's east and its central and western regions, including a proper handling of central and local interests in resources development, increase of special funds for central and western regions, support for the development of agriculture and animal husbandry there.

Wang Yuzhao, deputy director of the Economic Subcommittee, spoke on the necessity to take effective measures to change the economic system and economic growth mode.

On behalf of the Subcommittee of Nationalities and Religion, its deputy director Jin Jian stressed the im-

portance of implementing the government's preferential policies for ethnic minorities areas.

He Luli, vice chairperson of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang (RCCK), spoke on RCCK's stand against separatist attempt to split the Chinese nation.

PRC: CPPCC Takes Up Issues of Regional Disparity

OW0803043196 Beijing XINHUA in English
0328 GMT 8 Mar 96

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — The concept of overemphasis on new construction projects to the neglect of economic efficiency should be put to an end in Central and western parts of China and attention should be geared up to market demands in production, said a senior official here today.

On bridging the gap between the coastal areas and the central and western regions, Yang Rudai, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) warned that the average income gap between the east and the midwestern regions had widened by three times from the 214 yuan in 1978 to 724 yuan in 1992.

In Shanghai, a farmer could earn 3,480 yuan in Shanghai while the average annual for a farmer's income was 724 yuan in northwest China's Gansu Province in 1994, he said.

"China's regional disparity is widening while the number of total poverty-stricken population is decreasing. The issue must draw our attention," Yang said in the second plenary meeting of the Fourth Session of the Eighth CPPCC National Committee.

Other nine proposals Yang set forth include:

- Correctly handling the relationships between the interests of the central authorities and local governments in which the state government should treat the key investment projects similar to poverty-relief ones;

- Correctly coping with the relationship between economic returns and comprehensive efficiency and short and long-term efficiency;

- Granting more preferential treatment to domestic and overseas investment that is being poured into the central and western regions;

- Supporting agriculture, animal husbandry production in the central and western areas and helping build a number of large projects with overall significance that involve water conservancy, water and soil preservation in the western provinces;

— Designating an inter-provincial cooperation zone by the five southwestern provinces and autonomous regions as the country's pilot zone in regional economic cooperation;

— Establishing a special leading body by the central government to coordinate and concentrate on the construction project in the western regions and;

— Going ahead with the effort by the relevant government departments to map out relevant policies and measures and take prompt actions to bridge the gap in regional economic development.

PRC: Li Ruihuan Attends 2d CPPCC Plenary Meeting

OW0803074796 Beijing XINHUA in English
0644 GMT 8 Mar 96

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — The Fourth Session of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), China's top advisory body, held its second plenary meeting this morning on the results of handling proposals submitted by members since the annual session last year.

Zhou Tongshan, vice-chairman of the Subcommittee for Handling Proposals of the CPPCC National Committee, told members present at today's plenary meeting that the subcommittee had received 2,377 proposals, of which 2,177 were accepted for deliberation.

By February 10 of this year, he said, 2,144 or 98.5 percent of these proposals have been handled, among which issues in 1,766 proposals have been or are being settled.

This morning's plenary meeting was attended by Li Ruihuan, chairman of the CPPCC National Committee and executive chairmen of the session. Zou Jiahua, vice-premier of the State Council, and leading officials from government ministries of the State Council were also present.

Handling proposals by members is an important part of work for the CPPCC, Zhou said, adding that these proposals involve agriculture, the reform and development of state-owned enterprises, inflation control, readjustment of industrial structure. Others concern bridging regional disparity, science, technology, culture, public health, physical culture and medicine as well as political, legal and social welfare issues.

"Some of these proposals have been adopted by government departments and proved valuable for government decision-making," Zhou said, adding that explanations

have also been made for those proposals that cannot be handled for the time being.

Following the speech by Zhou Tongshan, seven CPPCC members addressed the meeting.

Yang Rudai, vice-chairman of the CPPCC National Committee, put forward ten proposals on bridging regional disparity such as to correctly handling the relationships between the interests of the central authorities and local governments and coping with the relationship between economic returns and comprehensive efficiency and short and long-term efficiency.

Yang also suggested that the central government grant special investment to western areas and support agriculture, animal husbandry production in the central and western areas

Wang Yuzhao, vice-chairman of the Subcommittee of Economy, emphasized on implementing two fundamental shifts in economic structure and economic growth mode by taking effective measures such as transformation of government function and readjustment of economic development plans.

Jin Jian, vice-chairman of the Subcommittee of Nationalities and Religion, called for attention to some problems in the economic development in the ethnic minority areas. He proposed perfecting and implementing the preferential policies towards the ethnic minority areas.

He Luli, vice-chairperson of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang condemned Li Teng-hui for his plot to undermine the fundamental interests of the Chinese nation by resorting to perverse acts.

The cause of China's peaceful reunification is in a critical moment, said Madame He who expressed her hope that people in Taiwan will oppose the Taiwan independence so as to contribute to the peaceful reunification of the motherland.

PRC: CPPCC Member on Struggle Against Taiwan Independence

OW0803082996 Beijing XINHUA in English
0812 GMT 8 Mar 96

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — The struggle against Taiwan independence waged by the Chinese people will not stop so long as the activities of Taiwan authorities to split China do not cease for a day, a senior non-Communist Party official said here today.

He Luli, vice-chairperson of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, made the remark at the 2nd plenary session of

the 8th National Committee of the advisory Chinese People's Political Consultative Conference (CPPCC), of which she is a member.

"The reunification of the motherland is currently at a very critical moment," she said.

She noted that Chinese President Jiang Zemin early last year made an "eight-point" proposal on the country's peaceful reunification, which have been well received and supported by the Chinese in and outside China.

Li Teng-hui, however, has not made any sincere response to Jiang's proposal, she said. Instead, Li has intensified his activities to split the motherland and openly advertise "two Chinas" in the world.

What Li has done has made the relations across the Taiwan Straits suffer serious setbacks and retrogression, she told the meeting, noting that the political countercurrent of "Taiwan independence" has evolved into a "practical danger" because of Li's direct involvement and open manipulation.

"The resolute countermove the Chinese government has taken are completely justified and in the fundamental interest of our country and nation," she said.

"The Chinese people's struggle against breakup (of the country) and Taiwan independence will not stop so long as the activities to split the motherland by the Taiwan authorities do not cease for a day," the member told the meeting.

She explained that the focal point of the battle of splitting and anti-splitting (China) is adhered to or violate the principle of one China.

"Under the principle of one China, all issues can be discussed between the two sides," she said. "Departing from the principle, nothing can be talked."

At the moment, Li Teng-hui is attempting to making use of the change in how the leadership in Taiwan is produced to alter the nature of the Taiwan issue and done the "Taiwan independence" in a cloak of "justice," she said, adding that Li's perverse acts have harmed the fundamental interest of the nation and led to grave consequence in the Taiwan island. [sentence as received]

"We notice that the Taiwan media has been calling for development of pragmatic relations across the Taiwan Straits under the principle of one China," she said. "This reflects the common aspiration of the Taiwan compatriots and Li's acts are becoming increasingly unpopular."

The historical tide is irresistible and the wish of the people can not be violated, she said, warning that the

final ending will be self-evident if Li Teng-hui is bent on having his own way and keeps going down the dangerous track (of splitting China).

She hoped that men of insight within the Kuomintang in Taiwan will make the wise choice in line with the behest of Dr. Sun Yat-sen and contribute to the peaceful unification of China together with the Taiwan people.

The Chinese nation has a glorious tradition of loving the motherland and a great rallying power, He Luli said. "No matter how many difficulties or barriers may exist on the road toward reunification of the motherland, we are fully confident that the sacred historical mission will be accomplished so long as the people across the Taiwan Straits join hands and work together under the principle of one China."

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PRC: Noncommunist CPPCC Members Review Li Peng Report

OW0803102396 Beijing XINHUA in English
0831 GMT 8 Mar 96

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — Personalities from China's non-communist parties and organizations said Premier Li Peng's report on the country's goals in the coming 15 years will exert profound impact on its future development.

These members of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC), present at the ongoing CPPCC annual session, have been discussing the report delivered by Li Peng on the country's Ninth Five-Year Plan (1996-2000) for national economic and social development and the long-term target for the year 2010.

The members of the CPPCC National Committee, China's top advisory body, pledged to submit still more suggestions to make the development programs feasible, and they will contribute to the accomplishment of the nation's grand trans-century goals.

CPPCC members from the Revolutionary Committee of the Chinese Kuomintang said that the firm stand of the central government against Li Teng-hui's forces for Taiwan independence conforms with the fundamental interest of all Chinese people, including Taiwan compatriots.

They expressed the hope that men of insight within the Taiwan Kuomintang party can keep in mind the behest of Dr. Sun Yat-sen on reunifying the motherland, and fight firmly against splittist forces led by Li Teng-hui.

Zhuang Yanli and Chen Binfan, former chairman and former vice-chairman of the All-China Federation of Returned Overseas Chinese, noted that the key for developing the mid-western parts of China lies in some favorable policies to be drafted by the government because of poor local natural and transportation conditions.

Wan Shanrong and Li Xuemei, who come from the Guangdong Federation of Returned Overseas Chinese and Henan Federation of Returned Overseas Chinese, suggested that the government make full use of financial power and advantages of overseas Chinese to raise the standards of China's opening to the outside.

Dong Yinchu, chairman of the Central Committee of the China Zhi Gong Party (Public Interest Party), said the party will further mobilize and unite overseas Chinese, especially those in Taiwan, Hong Kong and Macao, to contribute to the country's grand goals for future development and reunification of the motherland.

CPPCC members from the China Association for Promoting Democracy, the China Democratic National Construction Association, the China Democratic League and the All-China Federation of Industry and Commerce all offered advice on reducing regional disparity, reforming state-owned enterprises, watching economic growth pattern, and helping the impoverished.

In particular, these members said people in the mid-western area should emancipate their minds to develop non-state-owned economic sectors and increase ties with the country's eastern areas.

They also asked the state to grant preferential taxation and financial policies in support of the development the mid-western area.

CPPCC Members from the All-China Federation of Taiwan Compatriots and the Taiwan Democratic Self-Government League noted that the premier's report and

recent actions taken by the Chinese government indicate the determination and capability of the Chinese government and the people to safeguard national sovereignty and territorial integrity.

They expressed their hope that the Taiwan compatriots will become aware of Li Teng-hui's sinister attempts to split the motherland and hinder contacts between people on both sides of the Taiwan Straits.

PRC: Adviser Urges Office for Central, Western Regions

OW0803065496 Beijing XINHUA in English
0252 GMT 8 Mar 96

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — A Hong Kong member of China's top advisory body today proposed the establishment of a special office to take charge of development in the country's central and western regions.

Gao Jingde, a Hong Kong entrepreneur and a senior advisor to the State Bureau of Land Administration, said the government's development program for the country in the next 15 years attaches more importance to development in the central and western regions, and sets forth a series of policies and measures.

"We need to have a special office that will study issues relating to development in those regions, execute these policies and measures, and coordinate the resolution of problems that come up in the process of development there," he said.

The policies and measures in the government plan include increased prospecting in the regions, preferential treatment in the arrangement of projects for resources development, and improvement of economic ties and cooperation between the east and the central/western parts.

He also suggested that some special zones be set up in the regions for eligibility to enjoy favorable policies.

He cited Shaanxi Province. "With its considerable strength in science and technology, a special zone can be established there to develop new and high-tech industries," he said.

Political & Social

PRC: Wei Jianxing Heads Capital Spiritual Civilization Group

HK0803083296 Beijing RENMIN RIBAO in Chinese
28 Feb 96 p 4

[Report by reporter Yan Shigui (0917 0013 6311) from Beijing on 27 February: "At First Meeting of

Capital Spiritual Civilization Building Commission, Wei Jianxing Proposes Turning Beijing Into 'Top-Notch Place' in Spiritual Civilization"]

[PTS Translated Text for FBIS] To do a better job of implementing the series of central instructions on augmenting spiritual civilization building, the Beijing Municipal CPC Committee and Municipal Government, having solicited the opinions of related central party, government, and military departments, decided to readjust and substantiate the original leading group for spiritual civilization building in the capital, and convert it to the "Capital Spiritual Civilization Building Commission," with Wei Jianxing as its director and Li Qiyan its first deputy director.

The Capital Spiritual Civilization Building Commission called its first session and officially started work today. In his speech, Wei Jianxing stressed: The purpose of our setting up the Capital Spiritual Civilization Building Commission is precisely to better implement central instructions on spiritual civilization building, and regard the strengthening of spiritual civilization building as an effective ideological guarantee to fulfill the Ninth Five-Year Plan and the long-range program for the year 2010, while grasping the work firmly and well. This leading organ must live up to the expectations of all people, discuss major issues, do substantial work, and earnestly shoulder leadership responsibility for spiritual civilization building.

He said that no matter what results are scored in spiritual civilization building, their phenomena will find expression in society and the root cause will lie with the leadership and administration. The key to strengthening spiritual civilization building thus lies in strengthening the leadership of spiritual civilization building. It is imperative to learn from Zhangjiagang's experiences. The chief responsible person must grasp two types of work simultaneously, genuinely attach equal importance to two civilizations, and seek results in both. It is imperative to emphasize the responsibility of party committees and governments at various levels in spiritual civilization building, while linking it economic, social, and city administrative work. It is imperative to conduct comprehensive improvements, bring about temporary solutions while getting at the root of a problem, combine ideological education with strict administration, and embody the principle of "laying stress on building."

Wei Jianxing indicated that Beijing as the capital city must take the lead in the country in spiritual civilization building, and must boast the awareness of creating a first-rate capital, being the best in everything, while turning Beijing into a "top-notch place" in spiritual

civilization building. It is necessary for us to see the existing insufficiency and gap, and modestly learn from the experiences of advanced places and units. It is imperative at present to proceed from implementing the 10 major issues in the capital's spiritual civilization set by the municipal party committee and government, so that various activities in spiritual civilization building may be conducted in a down-to-earth manner to create a sound atmosphere for the convocation of the Sixth Plenary Session and provide effective guarantees to the capital's economic construction and social development.

PRC: Report on Leaders' Activities 28 Feb-7 March
OW0803074396

[FBIS Report] PRC media monitored from 28 February to 7 March carried the following reports on PRC Central leadership activities. The source is noted in parentheses after each report.

Jiang Chunyun Praises Company for Agricultural Development — The Shenzhen (Sanjiu) Group Corporation's Shennong Program for promoting the industrialization of agriculture and developing marketable agriculture in line with financial structure has led some 300,000 peasants onto a road of agricultural development headed by a large-scale enterprise group. In a recent forum held by relevant state departments on promoting the integration of trade, industry, and agriculture by large industrial and commercial enterprises, Jiang Chunyun, vice premier of the State Council, fully confirmed this company's method of work. (Beijing Central People's Radio Network in Mandarin 2230 GMT 28 Feb 96)

Jiang Chunyun, Song Jian Attend Forum on "Spark Plan" — On 1 March, RENMIN RIBAO held a forum on promoting "Spark Plan" and promoting technological development in rural areas. Vice Premier Jiang Chunyun and State Councillor Song Jian attended the meeting. Wen Jiabao, alternate member of the CPC Central Political Bureau and member of the CPC Central Secretariat, gave a written speech at the meeting. Song Jian made a concluding speech. (Beijing XINHUA Domestic Service in Chinese 1105 GMT 1 Mar 96)

Jiang Zemin, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao Attend Meeting To Commemorate Dong Biwu — The CPC Central Party Literature Research Center and the Supreme People's Court jointly held a forum on 1 March to mark the publishing of the book "Dong Biwu" and to commemorate the 110th birthday of Dong Biwu. General Secretary Jiang Zemin of the CPC Central Committee gave a keynote speech at the meeting. Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, and Hu Jintao also attended the meeting. In

his speech, Jiang Zemin praised Dong Biwu's major contributions to the party. The meeting was chaired by Hu Jintao. Ren Jianxin, president of the Supreme People's Court, recalled Dong's life. Song Ping and Lei Jieqiong also spoke at the meeting. Bo Yibo gave a written speech at the meeting. Also attending the meeting included Ding Guangen, Wen Jiabao, Wang Hanbin, Zhang Zhen, Cheng Siyuan, Xiao Ke, Lu Zhengcao, and Deng Lihou. (Beijing XINHUA Domestic Service in Chinese 1335 GMT 1 Mar 96)

Qiao Shi, Hu Jintao Mourned the Death of Former Jiangsu Leader — Comrade Liu Shunyun, 93, died on 14 February after failing to respond to any medical treatment. Liu was formerly deputy secretary and acting first secretary of Jiangsu Provincial CPC Committee before the cultural revolution, and was former deputy secretary of the CPC Central Discipline Inspection Commission. Qiao Shi, Hu Jintao, Song Ping, Bo Yibo, Song Renqiong, Peng Chong, Fang Yi, Zhang Jingfu, and Ding Guangxun sent telegrams and letters to mourn Liu's death and expressed sympathy to his family of the deceased. (Beijing XINHUA Domestic Service in Chinese 1317 GMT 2 Mar 96)

Song Renqiong Writes Title for Book on Civil Education — A meeting to mark the publishing of a book entitled "Readers for Chinese Citizens" was held jointly the Central Committee of the Kuomintang Revolutionary Committee and the People's Publishing House in Beijing on 2 March. The book was compiled a group led by Li Peiyao, late leader of the Central Committee of the Kuomintang Revolutionary Committee. Song Renqiong wrote the title for the book. (Beijing Central Television Program One Network in Mandarin 1100 GMT 2 Mar 96)

Qian Qichen Meets American Chinese — On 4 March, Vice Premier Qian Qichen of the State Council met with Chiang Yi-cheng, a well-known American Chinese, and had friendly talks with him at Diaoyutai National Guest House in Beijing. (Beijing XINHUA Hong Kong Service in Chinese 0953 GMT 4 Mar 96)

Liu Huaqing, Zhang Wannian, Chi Haotian Watch Art Show — On the evening of 5 March, Liu Huaqing, member of the CPC Central Political Bureau and vice chairman of the Central Military Commission, together with Zhang Wannian and Chi Haotian, vice chairmen the Central Military Commission, joined deputies to the Fourth Session of the Eighth National People's Congress in watching singing and dancing show in Beijing's Jingxi Hotel. (Beijing Central Television Program One Network in Mandarin 1100 GMT 6 Mar 96)

Qiao Shi Joins Liaoning Delegation in Discussion at NPC Session — On the morning of 7 March, Chairman

Qiao Shi of the National People's Congress [NPC] Standing Committee joined the Liaoning delegation to the current NPC session in discussing the Ninth Five-Year Plan and the Long-term Targets for the Year 2010. Qiao Shi stressed the need to effectively carry out enterprise reform, strengthen technological transformation in old enterprises, and reinvigorate the old industrial bases. He also mentioned the issue of social insurance, saying that this is a major link in the efforts to boost the state-run enterprises. (Beijing XINHUA Domestic Service in Chinese 1341 GMT 7 Mar 96)

Yang Rudai on CPPCC's Attention to Development in Central and Western Regions — When being interviewed by XINHUA, Yang Rudai, vice chairman of the National Committee of the Chinese People's Political Consultative Committee [CPPCC], said that the development of China's central and western regions was one of the key issues that the CPPCC National Committee was deeply concerned about in the past years. Chairman Li Ruihuan of the CPPCC National Committee issued many instructions on this issue, and Vice Chairmen Yang Rudai, Qian Zhengying, Qian Weichang, Sun Fuling personally led inspection groups to Hunan, Xinjiang, Ningxia, Heilongjiang, and Yunnan. Many important opinions aired by the CPPCC National Committee in this regard were adopted by the CPC Central Committee and the State Council. (Beijing XINHUA Domestic Service in Chinese 1510 GMT 7 Mar 96)

***PRC: Effect of Inner-Party Corruption Surveyed**
96CM0158A Harbin FENDOU [STRUGGLE]
in Chinese 1 Jan 96 No 281, pp 24-26

[Article by the CPC Disciplinary Investigation Team]

[FBIS Translated Excerpt] We recently visited the five cities of Harbin, Qiqihar, Mudanjiang, Yichun, and Daxinganling to conduct a special investigation into issues such as corruption inside the party and to further improve the environment for economic development. We held 19 discussion meetings with the participation of various people and we investigated some enterprises and towns. The disciplinary committees or inspection bureaus of Jiamusi, Jixi, Hegang, Daqing, and Suihua also conducted investigations of 36 counties and prefectures, in each instance led by their deputy secretary or deputy bureau director. At the same time, the provincial committee's party building team conducted a survey by questionnaire among 1,200 persons in the five cities and 10 counties.

I. There Still Exists Serious Party Corruption Which Is Affecting the Environment for Economic Development in Heilongjiang

There has been definite improvement in our anticorruption efforts in the past year. These have been conducted for the most part through discussion meetings centered on the environment for economic development, rigorous enforcement of the laws, and inspections and examinations concerned with rooting out sources of delay and barriers. However, the results of our investigation show that we cannot let up on improving the economic development environment in Heilongjiang. According to the 1,200-person survey questionnaire, the number of respondents who consider the development environment unsatisfactory exceed those who find it satisfactory by 11.8 percent. The investigation results show that there are still areas of corruption which are having a negative impact on the economic development environment. These show up chiefly in the form of:

1. The phenomenon of "intermediate barriers" has still not been entirely broken up, contrary to orders. Of the people surveyed, 729 (61.3 percent) demanded resolution of the barrier problem. Some departments and workers only implement those economic development decisions and policies they like while ignoring those they do not, resulting in incomplete implementation of economic policies. In the first half of last year, one city found that of 48 policy implementation conditions laid down by the city's committee government that were aimed at promoting individually operated economic development, 13 were poorly implemented and two not implemented at all.

2. There is still a very serious problem of individuals exerting their power to erect barriers for their own gain. Of those surveyed, 713 (59.7 percent) were of the opinion that this misuse of power has become a severe problem. There have been cases of people demanding bribes in exchange for their approval of projects, capital, loans, licenses, and certificates, etc. There have also been those using their power to secure several tens of thousands of yuan in enterprise money to operate their own businesses, and some cases of blackmail in the course of official work.

3. Despite considerable effort to do so, there has been no stopping the irregular levying of fees, irregular penalties, and irregular fund raising. Of the respondents, 798 (66.8 percent) believe that irregular penalties, fee charges, and fund raising must be stopped. At the beginning of last year, one city inspected 380 departments that collect fees and uncovered 207 instances of these "three irregularities." One area in which these often show up is in the day-to-day conduct of depart-

mental business. Some departments collect fees under the pretense of conducting training or training sessions, evaluating some advanced enterprise or product, etc. In some places, people have reacted strongly when irregular fees are charged in elementary and high schools. The statistics show that last year the entire province uncovered a total of 109 instances of irregular fees levied in elementary and high schools totalling 529,310 yuan; investigators corrected 72 of these cases, totalling 190,690 yuan. A second area in which these appear is in sales forced by transportation departments. Some people have been required to purchase certain commodities such as magazine and newspaper subscriptions when they renew their automobile licenses, adding more than 800 yuan to the cost for each vehicle owner. Some sell cleaning detergents when they inspect a vehicle. Some charge 20 yuan for each inspection form they distribute. A third phenomenon is charging fees in excess of the set standard. A bureau in one city set its standard fee at 1,540 yuan over what was standard elsewhere; a notary office charged 12 times the norm for a marriage certificate; some cities annually charge 224 yuan for seven months road maintenance fee, an average of 32 yuan per month, to each four wheel vehicle regardless of whether it is engaged in commercial transport; some counties even charge 80 yuan per month per vehicle. A fourth "three irregularities" problem still exists on the highways. While the problem of inappropriate barriers has been reduced significantly on the national or provincial highways, some localities have set up temporary inspection stations, some charge fees through other agency work units, and some charge fees at night.

4. Some businesses and departments do not support economic development and even erect barriers to it. Some systems, especially businesses and departments which have the three powers, will out of their own interest concoct various excuses to delay doing things in their own area that should be done and will even set up barriers to make it difficult in some localities to get projects approved, to obtain loans, or to transport containers, etc.

5. Rudeness and rights violations are frequent occurrences. Some institutions and trade workers are of low quality and rude in manner. They charge penalties, revoke licenses, bar commodities, stop businesses, and even quarrel and fight. Last April, a driver who had violated regulations was handcuffed by two cadres who then removed his outer clothing and beat him.

6. The problems of low work efficiency and mutual barriers put up by office workers still await resolution. The questionnaire results show that 426 people (35.7 percent) believe we should concentrate on resolving problems such as the difficulties in dealing with

government institutions, their bad attitude, and low efficiency. Problems still exist such as too many links and procedures to go through in doing business. It is reported that early one morning last May, an individually-owned wholesale market was robbed of several hundred thousand yuan's worth of liquor and the doorkeeper received multiple stab wounds. The incident was reported to the relevant department at 0300, but investigators did not show up until 0900.

II. CPC Internal Corruption Constitutes a Major Threat to Economic Development

A variety of factors make it clear that corruption in the party presents a major threat to economic development. The more economic development lags behind, the greater the danger corruption presents to economic construction.

1. **Destruction of the economic foundation of social development.** Some people swindle, accept bribes, smuggle, and violate financial discipline to line their own pockets with state and collective property. This wipes out our economic gains and brings huge losses to the state and collective property. In the year and a half which ended last July, Heilongjiang's disciplinary examination institution checked out discipline violations which recovered economic losses totalling 91.74 million yuan. Of the cases investigated from last January to September, 45.6 percent were economic cases. These facts show that the injurious phenomenon of party corruption is destroying the social production relationship and corroding state and collective property.

2. **Disrupting the party's policy implementation.** The central party authorities and the State Council have stipulated a series of economic reform policies to accelerate economic construction. In Heilongjiang, the party committee and government have stipulated general theory and detailed policies to suit Heilongjiang's economic development, and the masses of cadres and people enthusiastically look forward to their implementation. But some departments and some people ignore policies and order, and use their own countermeasures to refuse implementation, which blocks the party's policies. Of the 1,200 people surveyed, 729 demanded a rebirth of party political discipline and a serious resolution of the "intermediate barrier" problem.

3. **Damaging the image of the party and the government.** The masses of the people look at our party through the party organization and our members' behavior. Some party cadres are using the rights given to them by the party and the people to seek individual profit, swindling and accepting bribes, blocking others by using their rights. Some people do not serve the people wholeheartedly, but stay on in the party's institutional

and government positions. They do not care about the people's interests, are sluggish and inefficient in dealing with matters of great concern to the people, and people are mad about this. People often look upon and judge the party and government organizations' manner and discipline through the window of those work units closely related to the people's closest interests. This negative phenomenon of corruption has caused serious damage to the party's relationship with the people.

4. **Dampening people's enthusiasms.** There are at present some problems with late payments to enterprise employees and some farmers still have problems attaining the basic necessities. But some party members and cadres enjoy several thousand yuan luxury autos and homes which exceed the standard. When the work unit may not have sufficient funds to meet its employees' salary and other economic needs, eating, drinking, and being entertained with public funds is extremely wasteful. These two extremes constitute a great contradiction which people cannot come to terms with; in some places there is already a mood of dissatisfaction and hostility which seriously affects people's enthusiasm.

5. **Disturbing the market economic order.** The socialist market economy is a fair competition economy, but it is a legalized economy as well. Some people are taking advantage of the incomplete legal system during this transition period between two different systems by exchanging rights and money; some are using the powers they have in outside businesses or to create advantageous conditions for the business activities of their children and relatives; some are using their special rights to conduct "dominant operations"; some are using their power to force others to buy "goods." This commercialization of rights seriously damages the normal order of the market economy and will inevitably lead to unfair competition.

6. **Restricting the speed and efficiency of economic development.** The speed and efficiency of economic development is closely linked to work efficiency. They are directly related, and without high efficiency, economic development will be slow. Some government agencies are hard to deal with right now, having bad attitudes or even deliberately throwing up barriers. Things which should be done cannot be done, or are delayed, wasting time in economic development and missing good developmental opportunities, and reducing efficiency.

To carry out the spirit of the fifth plenary session of the 14th party congress, implement the Heilongjiang party committee's general thinking on economic development, accomplish the strategic goal of doubling the GDP and attaining our goal of a comfortable living for everyone, we must handle the economic development

environment well and truly resolve the corruption problem that is having such a negative impact on economic development. [passage omitted]

PRC: Statistics Bureau Releases Figures on Education

*OW0703211496 Beijing XINHUA in English
1307 GMT 7 Mar 96*

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — China invested nearly 400 billion yuan to develop education during the Eighth Five-Year Plan (1991-1995), and 88 billion yuan in the year 1995, the "CHINA EDUCATION NEWS" reported.

An official with the State Statistics Bureau revealed this at a news conference here, according to the paper.

Various reforms in education are still under way, and great achievements were made last year, he said.

By the end of 1995 China had 1,054 universities and colleges and 1,156 colleges for adults.

A total of 926,000 new students were enrolled in China's higher-learning institutions last year, 26,000 more than in 1994, while 914,000 new students were enrolled in the adult colleges.

The number of postgraduates was 145,000 last year, an increase of 17,000 over 1994.

Vocational schools had 9.39 million students enrolled, equal to 56.8 percent of the total high school students.

China now has 47.28 million middle school students and 131.95 million primary school students.

In 1995 "Project Hope" received 253 million yuan in donations from individuals and organizations both at home and abroad, to help 237,000 drop-outs return to school and to build 1,325 new primary schools.

Meanwhile nearly 4.76 million adults were made literate last year.

PRC: Daily Life of New Panchen Lama Detailed

*OW0703143296 Beijing XINHUA in English
0836 GMT 7 Mar 96*

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — Every day, the six-old-year new 11th Panchen Lama works hard on the Tibetan language, arithmetic and Tibetan Buddhism scriptures, a senior Living Buddha from Tibet said here today.

"The 11th Baisaqen Erdeni Qoigyijabu has started the life as a Living Buddha since he ascended the holy throne," said Senqin Losangjisam, a Tibetan deputy to the National People's Congress (NPC) which is in annual session.

The young Panchen Lama was enthroned on December 8 last year in the Zhaxi Lhunbo Lamasery, the residence for successive Panchen Lamas in Tibet.

Senqin Losangjisam himself is a senior Living Buddha in the lamasery. He used to serve as an assistant to the 10th Panchen Lama when the latter was hosting religious rites in the lamasery.

Being a member of the team to search for the reincarnation of the deceased 10th Panchen Lama, Senqin Losangjisam participated in the searching process and later in the ceremonious lot-drawing and enthronement activities.

In accordance with historical conventions, the soul boy of a deceased Dalai or Panchen Lama is determined by the practice of lot drawing from a gold urn out of several candidates, who are picked following scrupulous searchings. Then the soul boy will be approved by the central government and enthroned.

Senqin Losangjisam is honorary director of the Democratic Management Committee of the Zhaxi Lhunbo Lamasery, and takes charge of the daily life and study of the little Panchen Lama.

According to Senqin, the Panchen Lama is early to rise and early to sleep. Early every morning, he attends scripture recitations held by senior monks in the lamasery.

The Panchen Lama spends five to six hours a day studying Tibetan, arithmetic, and the basic scriptures of Tibetan Buddhism. One of his canon tutor is Bumi Qambalozhub with a honorable title of Lha-ram-pa Gexe, the highest Buddhist rank in the research and study of Lamist scriptures.

Another canon tutor, Nyima Sida, is a great master of the science of logic in Hinduism. Many important works of the science have been lost track in India. Fortunately, some works in Tibetan language have carried forward the science to nowadays.

"The little Living Buddha is extraordinarily smart and cute, and he is doing well in his studies," Senqin said. "Nevertheless, he is still a child, who should not be let to overwork. He has to play games and needs some time for rest, and he often goes for a walk and is fond of toys."

The Living Buddha does not live with his parents, but can see them often. He loves to have butter tea and Zamba (which is made of roasted barley flour) for breakfast, and eat rice with vegetable dishes for lunch and cakes of Tibetan flavor at supper. But he never tastes sea food, spring onion and garlic.

"The little Panchen Lama is living amid an atmosphere alive with Tibetan culture," Senqin said. "The 11th Panchen Lama will surely be a patriotic great Buddhist master who is devoted to the motherland and well-versed in Buddhism just like the previous Panchen Lama. He will live up to the expectation of the central government as well as to the monks and laymen in Tibet."

PRC: Bishop Views Normalization of Ties to Vatican

HK0803060196 Hong Kong SOUTH CHINA MORNING POST in English 8 Mar 96 p 11

[By Daniel Kwan In Beijing]

[PTS Transcribed Text for FBIS] Catholic churches in China were fully prepared for the normalisation of relations between the Vatican and Beijing, Bishop Joseph Zong Huaide said yesterday.

Bishop Zong, who is the chairman of the Bishops' Conference in China, said that Catholics in China constantly prayed for an early normalisation of ties.

"On religious matters, there are no obstacles separating us," Bishop Zong said.

He said talks had been conducted between the Chinese Government and the Vatican, and the Catholic churches in China were ready to accept whatever agreements were reached.

However, Bishop Zong declined to comment on a visit by Archbishop Claudio Maria Celli to Beijing in January, saying he had no information on the visit.

It was reported by the SOUTH CHINA MORNING POST last month that the archbishop had visited China after visiting North Korea, signalling a new momentum in the diplomatic dialogue between the Vatican and China.

He said the two outstanding issues dividing the Chinese Government and the Vatican were the latter's recognition of Taiwan and the fact that Rome must agree not to interfere in China's domestic affairs.

Bishop Zong said the issue of the appointment of bishops was not critical.

"My personal view is that many of these underground bishops are not appointed by the Vatican," the 79-year-old bishop said. "So, I think this question of recognition of the underground bishop is not a matter for the Church. Our government and the Vatican may have to look into this."

Bishop Zong said the Catholic Church in China accepted the authority of the Pope. "We accept the Pope as our

leader and we pray for him. On religious matters, there is no obstacle at all. "We hope the Pope can understand that now is a very good time to preach in China ... every year we have about 60,000 new believers many of them are university students, intellectuals, professors."

When asked what the Chinese Catholic Church could do to expedite Sino-Vatican ties, Bishop Zong said Chinese clergymen were sent overseas every year hoping that these dispatches could help build ties with overseas churches and narrow the gap between China and other countries. He denied any underground bishops were under detention in China. The bishop said he was not worried about the quality of priests in China.

Bishop Zong said all Catholic priests of official church, unlike those of the underground church, were required to go through intensive theological and pastoral training before they were sent to dioceses.

He also reassured Catholics in Hong Kong that both the Chinese Government and the Chinese Catholic Church would not interfere in Hong Kong matters.

PRC: Sales of Jiang Zemin's Speech on Discipline Planned

OW0703212096 Beijing XINHUA in English 1305 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — The full text of an important speech about discipline and corruption, made by Jiang Zemin, General Secretary of the Chinese Communist Party Central Committee, is to go on sale across the country.

Jiang delivered his speech at the sixth Plenum of the Party Central Commission for Discipline Inspection on January 26. The full text has been published by the People's Publishing House and soon it will go on sale to the public.

In the speech, Jiang demanded that "every single case of serious infringements of the law, or of indiscipline, no matter who is involved, will be investigated thoroughly".

He added in the speech that if leading officials fail to look into incidents within their own units or work areas, they themselves will be investigated.

He also urged officials to place stricter restraints on themselves, while being responsible for anti-corruption efforts in their own regions and work units.

Military & Public Security

PRC: Article Defends Missile Tests, Criticizes U.S.
HK0803091496 Hong Kong WEN WEI PO in Chinese
 8 Mar 96 p B6

["Forum" column article by Yu Jan (6735 35440: "Missile Exercises Are Conducted at the Right Time")]

[PTS Translated Text for FBIS] The surface-to-surface missile launching exercise to be carried out by the Chinese People's Liberation Army (PLA) in the East and South China Seas from 8 to 15 March, which the XINHUA News Agency has been authorized to announce, is of great political significance and military value. It further demonstrates the Chinese people's determination and ability to safeguard state sovereignty and territorial integrity. This represents a heavy blow to the "Taiwan independence" forces headed by Li Teng-hui, a powerful support to the Taiwan compatriots' struggle against "Taiwan independence," and a serious warning to foreign forces encroaching on Taiwan and supporting "Taiwan independence."

The current exercises are markedly different from the previous ones. First, the number of splash zones has increased from one to two; second, the splash zones are situated in Taiwan's northern and southern sea areas close to Keelung port in northern Taiwan and Kaohsiung port in southern Taiwan, forming a situation of "converging attack from north and south" against Taiwan island and a "blockade [feng suo 1409 6956]" from north and south; third, the exercises simultaneously conducted in the East and South China Sea waters cover a broad area with a broad launch area [fa shi qu 4099 1410 0575]; and fourth, with the north splash zone lying to the east of Taiwan, the missiles fired from the mainland may fly over Taiwan island. In the view of some military experts, the current exercises are an attempt by the mainland to blockade Taiwan militarily. In future exercises the number of splash zones is likely to increase and they will spread around Taiwan island, forming a tight sea and air blockade over the whole island [xing cheng dui quan dao yan mi de hai kong feng suo 1748 2052 1417 0356 1497 0917 1378 4104 3189 4900 1409 6956] and, given such a tight blockade, once force is used against Taiwan, its external sea and air transport will be immediately severed and it will become an isolated island. We can thus see that the current exercises have more actual combat significance than the previous ones and are a more powerful "deterrent" against the "Taiwan independence" forces. It demonstrates that the Chinese PLA has full confidence in the might and accuracy of the missiles they fire and in their coordinated operational capability. Such exercises will be sufficient to convince people that

the words "the Chinese people are wholly capable of accomplishing the great cause of reunifying the country" are not empty talk.

It is naturally not an ordinary act to choose this moment to conduct such exercises. Recently, "Taiwan independence" activity has been rampant as never before. Unable to draw lessons from his U.S. visit, Li Teng-hui has further intensified the overall deployment of "Taiwan independence" activities. Politically, he is running for "president" on the "Li-Lien ticket" in an attempt to seize supreme power in Taiwan and lead Taiwan toward "independence"; diplomatically, he is stepping up the "pragmatic diplomacy" in a desperate attempt to pursue "two Chinas" or "one China, one Taiwan" in the international arena and "categorically claims" to be "returning" to the United Nations in the name of the "Republic of China"; militarily, he conducts exercises in quick succession, clamoring for "a tooth for a tooth" in return for the mainland exercises; and in terms of publicity, he wantonly slanders the CPC and the people's government and spreads a lot of resisting-China and "Taiwan independence" statements. A grim situation has emerged on Taiwan island today. With the support of international forces, the "Taiwan independence" elements are frenziedly scrambling for political power in Taiwan at all levels. If political power in Taiwan should be held by the "Taiwan independence" elements, the Taiwan political situation will change qualitatively. Taiwan will engage in "independence [nao du li 9257 3747 4539]" and the consequences will be extremely serious. After the "presidential" campaign, no matter who takes office, they will have no right to change the characteristic that Taiwan's political power is a local political power. If someone should try to change it and use the power in their hands to pursue "Taiwan independence" they are sure to collaborate with foreign forces and China's territory will be split. This is something the people across the country, including Taiwan compatriots, will not tolerate. If such a situation should come to pass, the Chinese people will resort to force to resolve the Taiwan issue and accomplish the great cause of reunifying the country. The current military exercises conducted by the Chinese PLA are not tantamount to the immediate use of force against Taiwan but are the necessary military preparations against the emergency of Taiwan engaging in "independence." "With a large force bearing down upon the border and the city under siege," how will the "Taiwan independence" elements conduct themselves? If they persist in pursuing "Taiwan independence," they are sure to court destruction and go down the road to ruin! If they abandon "Taiwan independence" and turn over a new leaf, there will still be a chance because this is the correct path. Faced with two paths, two destinies,

and two futures, what course should be followed and chosen and what course is best? Isn't this quite clear?

Recently, the international forces headed by the United States have made a big issue of the Taiwan question. On the one hand, the United States has intensified its military aid to Taiwan to beef up the military power of the Taiwan authorities and give the "Taiwan independence" elements more capital with which to pursue "Taiwan independence"; on the other hand, it has interfered in China's internal affairs by making indiscreet remarks on the Taiwan issue and has even issued threatening remarks, claiming that if Beijing should use force against Taiwan, the United States will dispatch troops to intervene. After China announced the current military exercises, the U.S. defense secretary immediately declared its position, holding that this action on the part of China is wrong and that it is not necessary for the maneuvers area to be close to Taiwan. U.S. Republican presidential candidates Dole and Buchanan repeatedly issued their anti-China campaign programs. They wantonly created "two Chinas" by openly claiming that the United States should establish diplomatic relations with Taiwan and support Taiwan's bid to join the United Nations. This series of words and deeds has damaged [po huai 4275 0975] Sino-U.S. relations, worsened the Taiwan situation, aggravated the tense cross-strait relations, and puffed up Li Teng-hui's "Taiwan independence" arrogance. Perhaps the United States holds that by this it can check [e zhi 6666 0455] China's military exercises, shake China's determination to curb the splitting of its territory and accomplish the great cause of reunifying the country, and take advantage of the Taiwan issue to haggle with China on Sino-U.S. relations and seize special interests beyond normal diplomatic relations. Facts have proved that this is just the one-sided wishful thinking of the United States. China insists that the handling of the Taiwan issue is purely China's internal affair in which foreign countries are not allowed to meddle. The methods to be employed by China to resolve the Taiwan issue will be determined by changes in Taiwan's situation, and China will never act according to foreigners' expressions. According to the United States, it is wrong as well as unnecessary to choose a military exercise area in the proximity of Taiwan, but according to China this is correct and necessary. Some time ago, the United States disclosed to the outside world that there were no indications that the Chinese PLA would carry out exercises and that they would not stage exercises before the "presidential elections" in Taiwan. It has now been proved that U.S. "intelligence" was wrong. The Taiwan authorities indicated, however, that they had always believed the PLA would stage such exercises. Maybe this was just a trial balloon deliberately released by the United States or a guess on the part

of the United States to console itself, but it does show that the United States is unwilling to see such exercises! Whether it is a threat, a trial balloon, or a guess, it has not changed China's predetermined plan. It is so now and it will be so in the future. If the United States holds that it can gain some advantage by utilizing the Taiwan issue, it is an impractical idea. The Taiwan issue is the focus of Sino-U.S. relations. If the United States wants to improve Sino-U.S. relations, it must abandon its policy of meddling in Taiwan's affairs. If the United States continues to make an issue of the Taiwan question, it will not only damage Sino-U.S. relations but certainly harm [wei ji 0604 0644] U.S. interests and impair [sun hai 2275 1363] U.S. international prestige, only harming but not benefiting the United States. It is no exaggeration to say that the current PLA exercises serve as a serious warning to the anti-China foreign forces, and the United States especially should face up to it.

To sum up, we can draw a conclusion: The missile exercises are being conducted at the right time. All plots aimed at splitting China's territory will eventually be doomed to failure!

**PRC: Main Target of Missile Exercise U.S.
'Anti-China Forces'**

HK0803073096 Hong Kong SING TAO JIH PAO
in Chinese 8 Mar 96 p a4

[Report: "The United States Belittles China's Military Strength and Connives at Taiwan Independence; the Mainland Tests Guided Missiles Today To Lecture the United States"]

[PTS Translated Text for FBIS] The highest leadership stratum of the CPC recently pointed out: The missile exercise of the People's Liberation Army (PLA), which starts today, is mainly aimed at the anti-China forces in the United States because the United States has declared that the mainland has neither the determination nor the capability to block Taiwan independence actions. In the meantime, it openly sent its aircraft carrier to cruise the Taiwan Strait to put on a show of force for the mainland. Therefore, it is necessary for the PLA to take action in retaliation.

The day before yesterday, Wang Zhaoguo, vice chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee and director of the Taiwan Affairs Office under the State Council, attended a CPPCC group discussion of the Taiwan Democratic Self-Government League, All-China Federation of Taiwan Compatriots, and China Zhi Gong Dang, and spoke on the Taiwan issue.

It is learned that this was the first comment made by a senior office in charge of Taiwan affairs since

the announcement of the PLA's missile exercise on 5 March.

Wang Zhaoguo stated: Cross-strait contacts and economic and cultural exchanges have developed considerably over the past few years. However, a certain person in power in Taiwan has taken perverted action to deliberately create a split in the international community. This has been the main reason contributing to the tense cross-strait relations since last May.

Wang Zhaoguo stressed: At present, we are fighting precisely to oppose a split and "Taiwan independence" to defend state sovereignty and territorial integrity. Furthermore, only by suppressing a split can cross-strait relations be developed to create conditions for peaceful reunification.

Wang Zhaoguo pointed out: In his Government Work report, Premier Li Peng reiterates that the mainland has always been working for peaceful reunification, but has never promised to renounce the use of force. This is not aimed at Taiwan compatriots, but at the attempts of foreign forces to interfere in China's reunification and at the pursuit of "Taiwan independence." Wang Zhaoguo also stated that he counted on Taiwan people to resolve the Taiwan issue.

According to the announcement, the PLA is conducting its eight-day missile-testing exercise as of today near the waters of Taiwan's Keelung and Kaohsiung. The highest leadership stratum in Beijing points out: The present exercise is mainly targeted at the anti-China forces in the United States, because the United States has openly supported and winked at Taiwan independence. It declares that the PLA has no determination or capability to attack Taiwan. It also sent its aircraft carrier to cruise the Taiwan Strait to challenge the mainland. Therefore, it is necessary for the PLA to retaliate.

In addition, it has also been reported that in the present exercise, the PLA might deliberately create an explosion incident and let its guided missile hit a particular desolate and uninhabited location in Taiwan to elicit a response from Taiwan. However, when asked this question the other day, Foreign Ministry spokesman Shen Guofang ruled out the possibility of such an incident.

PRC: Missile Exercises Threaten Nuclear Accident
 HK0803055596 Hong Kong EASTERN EXPRESS
 in English 8 Mar 96 p 1

[By Didi Kirsten Tatlow]

[PTS Transcribed Text for FBIS] The proximity of Taiwan's three nuclear power plants to the splash zones

of China's current round of missile exercises threatens a nuclear disaster, Taiwan environmentalists, international researchers and Taiwan's official nuclear body said yesterday.

In Beijing yesterday, China admitted for the first time its missile tests were aimed at curbing separatist sentiment in the island.

"The exercises will be useful not only to safeguard China's sovereignty and territorial integrity, but also to stamp out efforts to create two Chinas or one China, one Taiwan," the Foreign Ministry spokesman, Shen Guofang, said.

One of Taiwan's nuclear powerplants, Chinshan No 1, lies just 25 kilometres from the sea, close to the northern port of Keelung, which will be under a virtual blockade during the week-long missile exercises, starting today.

The northeast splash zone for China's missiles is just 25km offshore. The Shihmen no 2 plant is also near Keelung.

The third plant, Hengchun, is near Kaohsiung. A second splash zone lies about 50km off that coastal city.

"If we are talking explosion, then Chernobyl is the closest comparison," a Europe-based nuclear researcher said.

None of Taiwan's three nuclear powerplants was built to withstand the impact of the M-class or Scud missiles China planned to fire for one week off Taiwan's northeast and southwest coasts, a top Taiwan nuclear power official said yesterday..

"When we were building the plants, missiles were not taken into account," said Chou Yuanching, the deputy director of the department of nuclear regulation, a division of Taiwan's Atomic Energy Council.

His comments contradicted a statement by a Defence Ministry spokesman on Wednesday who said Taiwan's three nuclear powerplants "had safety precautions in-built" to withstand attack. "Everyone should worry" about such an event, Chou said. "We can hope to God this won't happen." The government had evacuation plans for a nuclear accident, he said.

A leading environmental group in Taiwan yesterday expressed fears about the consequences of an accidental hit.

"We are very scared," the deputy secretary-general of the Taiwan Environmental Protection Union, Tsai Wan-chi, said. "We are concerned a missile could hit one of the three nuclear powerplants."

Kuo Hsing-kuang, a board member of the Green group, said the government's evacuation plan would be useless if a missile were to veer off course and strike a plant. "They have no plan to evacuate the whole island," he said. "Their plan is to evacuate the immediate area. If it should happen, it's impossible to move [out of the danger zone]."

A Britain-based nuclear physicist and nuclear energy and weapons consultant, Dr Frank Barnaby, said the key issue was whether a missile could penetrate the nuclear core of a reactor, in the case of accidental impact.

A missile did not need to hit the reactor to cause a disaster, said Sean Burnie, a Greenpeace nuclear researcher. "If it hit the control system the plant would be hard to control," he said. "And if it took out the plant managers it would be very difficult to run the plant."

The world's worst nuclear accident to date, in Chernobyl, Ukraine, in 1986, released just 2-3 per cent of the nuclear material in the core into the atmosphere, but caused global radioactive fallout, he said. The Chernobyl death toll stands at about 24,000.

Penetration of the core or a meltdown of the reactor could release much larger radiation doses.

PRC: PLA Circular Proposes Seizing Outlying Taiwan Islands

HK0803051896 Hong Kong SOUTH CHINA
MORNING POST in English 8 Mar 96 p 1

[By Staff Reporters]

[PTS Transcribed Text for FBIS] An internal PLA circular has proposed seizing outlying Taiwan islands or striking at its military bases if Taipei retaliates during a missile drill that begins off the Kuomintang stronghold today.

The document warns People's Liberation Army officers to be on the alert for a military response should mainland missiles overshoot their targets during the eight-day manoeuvre and hit Taiwan.

In Taipei yesterday, President Lee Teng-hui urged people living near one of two mainland target zones to remain calm since the missiles would be carrying "empty" warheads.

However, panicky residents went on a buying spree of U.S. dollars, forcing some banks to impose a US\$1,000 (HK\$7,720) ceiling on the amount of dollars that could be bought.

The PLA document did not say whether the Nanjing War Zone and the Second Artillery Corp, which are in

charge of the exercise, would deliberately over shoot targets to escalate tension.

In previous documents, the PLA had cited "deliberately misfired missiles" as one way of making the island more nervous of 2 full-scale mainland attack.

According to an army source the circular said orders for the missile drill would be revised until the last moment to ensure that maximum impact was felt on the "breakaway island".

The source said should the PLA decide to begin hostilities, it would either seize one or both of the islands of Quemoy and Matsu, just off Fujian province, or fire missiles at military bases on the main Taiwan island.

The circular stressed there was agreement within the Communist Party and the PLA on the need to consolidate reunification.

Diplomats in Beijing claimed the PLA top brass had seized the initiative on Taiwan policy. By contrast, relatively moderate politicians such as President Jiang Zemin, and departments such as the Ministry of Foreign Affairs and the Taiwan Affairs Office, had been "sidelined".

The diplomats said the PLA wanted to use the ongoing National People's Congress to highlight that their hawkish stance had the support of the entire country. Since the Congress began on Tuesday, PLA generals have been the sole spokesmen on Beijing's Taiwan policy.

Mr Jiang, who as chairman of Central Military Commission is theoretically the country's commander in chief, has been silent on reunification.

Yesterday, the commission's Vice-Chairman, General Chi Haotian, told delegates it was the PLA's "holy task" to safeguard national unity. "The PLA is prepared at any time to accomplish the holy task that the party and the people have given it," he said.

Campaigning for re-election in the northeastern city of Yilan yesterday, Mr Lee said: "The exercise is only a show which is meant to scare you ... to see whether you will be confused or frightened. The missiles will not have warheads."

But the new chairman of the cabinet-level Mainland Affairs Council, Chang King-yuk, said stray missiles could not be ruled out, citing that one missile missed its target when Beijing undertook test firing off Taiwan last July.

Strong government buying held off a further slide on the Taiwan stock market yesterday. It rose 0.53 per cent to 4,750.74 after two straight sessions of falls.

But as a hedge against uncertainties, Taiwanese bought US\$390.5 million and large amounts of gold. Taiwan's Central Bank intervened to steady the NTS at 27.5 to US\$1.

— The U.S. is considering sanctions against China for the transfer of a new cruise missile to Iran a U.S. Arms Control and Disarmament Agency official said yesterday. The U.S. is already pondering sanctions against China for its alleged transfer of nuclear technology to Pakistan.

PRC: Larger-Scale Tests To Reportedly Follow Present Round

HK0803044296 Hong Kong MING PAO in Chinese 8 Mar 96 p A2

["Special article": "Beijing Makes Arrangements for Escalated Military Exercises, Missile Splash Zones Are To Surround Taiwan"]

[PTS Translated Text for FBIS] The mainland's missile tests against Taiwan started today. An informed source from Beijing disclosed that the mainland military is most likely to arrange larger-scale missile tests around Taiwan to take place after the upcoming missile tests, which are scheduled to terminate on 15 March. This is different from the popular analysis—the overwhelming majority of analysts believe the mainland's military pressure on Taiwan will ease off after Taiwan's 23 March presidential election.

The maneuvers starting today are very close to Keelung and Kaohsiung. The source said that the mainland military is considering increasing the number of missile splash zones from two for the upcoming missile tests to three, four, or even more to achieve a total blockade of Taiwan. However, the source said, the precondition for the CPC to make arrangements for a new round of missile tests is that "Taiwan leaders go further down the path of 'two Chinas' or 'one China, one Taiwan.' The CPC will also be fairly prudent about the timing.

The source said: After making a comprehensive analysis and assessment of the current international situation, the CPC hierarchy making policy decisions toward Taiwan has reached a consensus. No words or deeds of Li Teng-hui pushing for "Taiwan independence" will be accommodated. The mainland is prepared for the worst and ready to defend state sovereignty and oppose disunity and "foreign" intervention at any cost, even temporarily slower development and economic growth.

The source continued: If Taiwan compatriots have not arrived at a clear understanding of Li Teng-hui's true colors regarding "Taiwan independence," the mainland will further decide whether it is close to settling the

Taiwan issue by non-peaceful means, as described by the saying: "When the arrow is on the string, it must go."

The informed source said the CPC has recently defined a new Taiwan policy which gives priority to struggle and makes the efforts to unite with and win over Taiwan leaders subsidiary, while continuing to isolate and take strong measures against Li Teng-hui and the forces advocating "Taiwan independence." The mainland has decided to take an uncompromising stand against Taiwan, indicating that the mainland has taken the initiative in settling the Taiwan issue, initiating interference enthusiastically, so that Taiwan's political situation will not move toward "independence in deed."

The source said that the mainland also hopes it will further help Taiwan people to clearly understand the danger of Li Teng-hui, who sets himself against the mainland and "seeks independence in the name of reunification." The mainland hopes Taiwan people will weigh the pros and cons and vote against Li Teng-hui and create any conditions they can which would enable cross-strait relations to return to the path of normal development.

PRC: Missile Tests Said To Cause Fujian Airport Closures

HK0803040396 Hong Kong PING KUO JIH PAO in Chinese 8 Mar 96 p A1

["Consolidated report by PING KUO JIH PAO": "China Starts Missile Test-Firing Today, Two Fujian Airports Suddenly Closed, Taiwan Allocates 5 Billion for War Preparations"]

[PTS Translated Excerpt for FBIS] With mainland China's eight-day missile test-firing due to start today, the atmosphere between the two sides of the Taiwan Strait is increasingly tense. Two international airports in Fujian, which is situated on the frontline of mainland China, were suddenly closed for many hours yesterday supposedly related to missile test-firing. On the other hand, the Taiwan military has taken stepped-up precautions. In addition to intensively deploying air defense missiles and reinforcing troop deployment on offshore islands, the Executive Yuan has even allocated 5 billion Taiwan dollars (around 1.66 billion Hong Kong dollars) for war preparations this year.

Hong Kong civil aviation department confirms to this paper that Xiamen airport was closed for an hour yesterday. A civil aviation department spokesman said that over the past two to three days, the Xiamen airport authority has also issued a circular on airport closure. Generally speaking, such a situation has occurred rarely in the past.

He said: Between 1457 and 1615 yesterday, Xiamen airport issued to air space users a circular on airport closure. Moreover, Fuzhou Yixu airport, which is situated on the exercise frontline, was off-limits to civilian passenger aircraft yesterday afternoon.

In answer to queries, a female staff-member at the control station of Yixu airport said only that the airport had to exercise flow control [liu liang kong zhi 3177 6852 2235 0455], but she declined to elaborate. [passage omitted on remarks by Taiwan President Li Teng-hui and Defense Minister Chiang Chung-ling and by Chinese Foreign Ministry spokesman Shen Guofang]

PRC: PRC Missile Fired Near Taiwan Identified as Deng Feng-15

AU0803125696 Paris AFP in English
1211 GMT 8 Mar 96

[FBIS Transcribed Text] London, March 8 (AFP) — The three M-9 surface-to-surface missiles that China fired close to Taiwan early Friday were single-stage, liquid fuelled missiles, the authoritative Jane's Defense Group said.

Jane's editor Paul Beaver said the M-9 is another designation for the Deng Feng-15, which has a range of 600 kilometers (373 miles). Deng Feng is Chinese for "East Wind," he said.

China fired three of the missiles into two zones close to Taiwan, heightening tension with the nationalist island and drawing condemnation from world powers.

Taiwan's Defence Ministry said one missile came down in the South China Sea, west of the southern port of Kaohsiung around 1:00 a.m. Friday (1700 GMT Thursday).

The other two missiles landed in a second target zone, east of the northern port of Keelung, a spokesman said.

PRC: XINHUA Cites Foreign Military Leaders on 'China Threat'

OW0803104996 Beijing XINHUA in English
0738 GMT 8 Mar 96

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — Foreign military leaders who visited China last year have denied the existence of a so-called "China Threat".

They point out that China is and will always be an important factor in maintaining regional and global security and that the "China Threat" simply doesn't exist. China's economic growth is an important contribution to world peace and development.

Last year, the People's Liberation Army hosted 125 military delegations from 55 countries, 47 of which

were led by either defense ministers, chiefs of staff, or commanders of various branches of their armed forces.

During their visit to China, the delegations exchanged views with Chinese military leaders on bilateral military exchanges and cooperation, and on regional and international security and other issues. Insights were gained after they visited Chinese military academics, PLA units, and military research departments.

The visitors said they appreciated China's move to cut one million members of the armed forces over the past decade and were impressed by the PLA's strict discipline, the comradeship of officers and men, and their good training. They also spoke highly of the PLA's role in the country's economic development, and emphatically denied the existence of a "China Threat".

Their talks with PLA officers and visits around the country helped them get a better understanding of China's defense strategy and of the PLA's modernization drive.

A senior American Army officer told Chinese counterparts that some people had asked him whether China posed a threat to the region and the world when he had visited some Asian-Pacific nations.

The notion of threat embraces two aspects, he said one is capability and the other is intention in terms of capability, China might have the power to be a threat, compared with the strength of its neighboring countries. However, as he sees it, China does not have the intention of threatening anyone. He also pointed out that China does not have any aircraft carriers at the moment. In the future, even if it wants to obtain one, this should not be considered posing threats to others, and fundamentally, if China is not a threat at the moment, it will not become one in the future when its economy continues to develop, he said.

If the United States and China, which are both major countries in the Asia-Pacific region, cooperate in military affairs and in other fields it might lead to "miracles in regional security and contribute to stability and peace in the region, he noted. It follows from this that there is no need for the Asia-Pacific region to have any military bloc such as NATO in Europe, he said.

An African senior army officer told Chinese army leaders that, as he sees it, the PLA has a very clear goal, and that is to defend the country, and no other purpose.

A chief of staff from a European country said that during his China visit he did not see China as having expansionist intentions or of threatening its neighboring countries. China is for stability, seeks neighborly relations,

and is trying to create an environment of long-term international peace for domestic economic development.

He also told Chinese army leaders that it seems that quite a few people from the West have a misunderstanding of the Chinese army and that the mass media in the West have distorted the news about China in their reports. After the visit, he said, he saw big differences between what he had seen and what he had previously read about China.

Some visitors from neighboring countries strongly attacked the assertion of a "China Threat" as biased, saying that China is and will be a major force in maintaining regional peace and stability. One said he believes China has not been involved in a regional arms race and other countries should not exacerbate the arms race by using China's economic growth as an excuse.

China's military expenditures have been low in spite of rapid economic growth in the past 16 years, after the introduction of reform and opening up policies. Defense spending has been kept at a level that meets the country's basic security needs.

From 1979 to 1994, total military expenditures were 416.49 billion yuan, and accounted for 71.65 percent of actual needs. The annual rate of increase of defense spending stood at 6.23 percent, compared with the averaged annual inflation rate of 7.7 percent during those years.

China's military expenditures have been lower than those of all other countries in the world. Its expenditures of 6.39 billion U.S. dollars' worth in 1994 were only 2.3 percent of the U.S.' expenditures, 18.3 percent of Britain's, 18.6 percent of France's and 13.9 percent of Japan's. In the 16 year-period, China's spending on defense decreased from 5.6 percent to 1.3 percent in terms of proportion of GDP, which is much lower not only than those of developed countries but also of many developing countries.

PRC: Beijing MR Leaders on Model Commander
HK0803051596 Beijing RENMIN RIBAO in Chinese
26 Feb 96 p 3

["Monograph" by Li Laizhu (2621 0171 2691) and Gu Shanqing (6253 0810 1987), respectively commander and political commissar of the Beijing Military Region: "A Model for Practicing the Purpose of the Party and Army in the New Period"

[PTS Translated Text for FBIS] Recently, Li Guoan, commander of the Water Supply Engineering Regiment under the Beijing Military Region, had conferred on him the glorious title of "Model Regimental Commander" by the Central Military Commission. His advanced deeds

have spread over the land, evoking a strong response in society. Launching an activity to emulate Comrade Li Guoan is of great significance to carrying out Comrade Jiang Zemin's instruction on "paying attention to studies, politics, and healthy trends" and stepping up ideological and political building in the whole party and the whole Army; energetically advancing the building of socialist spiritual civilization under the new situation and keeping the true political color of our party and Army forever.

Wholehearted service to the people is a manifestation of the intrinsic character of the party and the people's army and is crucial to keeping alive the youthful fervor and vitality of our party and Army. The model exemplified by Li Guoan shows that the purpose of our party and Army will never be outdated and that, given the new situation of reform, opening up, and development of a socialist market economy, it is especially necessary to vigorously promote the spirit of wholehearted service to the people.

Even since he joined the People's Liberation Army [PLA], which is a big school, Li Guoan has received education in advanced ideas and fine traditions, with wholehearted service to the people as the key content. He is an advanced model who has grown up under the nurture of the purpose of our party and Army. Our country is now in a new period of carrying out reform, opening up, and developing a socialist market economy, but reform and opening up does not in any way mean that we should give up the purpose of our party and Army, nor does the development of a socialist market economy mean that it should be at the expense of socialist spiritual civilization. The more we develop the socialist market economy, the more we should uphold the purpose of wholehearted service to the people. However, some cadres have forgotten the purpose of our party and Army in the face of new tests. They have blackened the image of the party and aroused the dissatisfaction of the masses. For this reason, the masses of the people have called forth the revolutionary spirit of wholehearted service to the people, and our party and Army urgently need to portray the glorious images of Communist Party members in the new period. Comrade Li Guoan has taken the people's interests as the highest standard in all matters and consciously "performed meritorious service for the party and Army and turned himself into sweet spring water in the service of the people." Through publicity, his deeds are well received and approved by the whole party, the whole Army, and the people of all nationalities across the country. This shows that the purpose of our party and

Army will never be outdated and that the spirit of wholehearted service to the people will shine forever.

The question of whom to serve is a fundamental issue; in the new historical period it is still a major issue for Communist Party members and revolutionary servicemen. The finest quality of the model exemplified by Li Guoan lies in his ability to provide, with his exemplary practice of wholehearted service to the people, an excellent answer paper on various questions raised by Comrade Jiang Zemin, such as why leading cadres should join the revolution, how to use the power in one's hands, and what our philosophy in life should be like, and adds new splendor to the image of our party and Army.

Comrade Jiang Zemin stressed that leading cadres should give prominence to politics. In giving prominence to politics, it is most important to resolutely obey and follow the party, and unswervingly carry out the party's basic theory and line and various principles and policies. Li Guoan has combined his loyalty to the party with his loyalty to the people and unified his responsibility to the party with his responsibility to the people and given prominence to politics with the concrete practice of searching for water and digging wells for the army men and people in the border areas. For a long time in the past, the border areas in Inner Mongolia had a serious shortage of water. Water affects people's survival, social stability, and consolidation of border defense. Li Guoan has proved himself to be a model in giving prominence to politics, because he has consciously linked his search for water and well-digging for the army men and people in the border areas with giving prominence to politics, delivered the party's warmth and the people's army's true love to the bottom of the people's hearts, and ingrained the party's monumental work in the hearts of the people.

Li Guoan's exemplary deeds have also shown us that, in serving the people, leading party cadres should be honest and clean in performing their official duties and work industriously for the people; they should "not let down both the party and soldiers"; they should be the willing servants of the people and bring benefit to the people forever. Li Guoan has done very well in combining three things— self-conduct, carrying out work, and serving as an "official." Self-conduct refers to being an open, above-board, and clean communist; serving as an "official" means working as a good public servant who is honest and clean in performing his official duties and is upright in every way; carrying out work means "performing more meritorious service for the party." If all our leading cadres can be as strict and self-disciplined as Comrade Li Guoan, the style of our

party will be greatly improved and the image of leading cadres will be more resplendent.

Comrade Li Guoan shows earnest concern for the masses and soldiers and takes their like or dislike, satisfaction or dissatisfaction, support or lack of support, and approval or disapproval as his starting point and code of conduct in all matters. He works with all his might regardless of his personal safety so long as it benefits the masses and soldiers; he will never "go one step beyond the limit" if it is detrimental to the masses and soldiers. He thinks about the masses and soldiers but not himself. Compared with Li Guoan, who is like a mirror, those who are preoccupied with personal fame, gain, and status and are not concerned about the weal and woe of the masses and soldiers should feel deeply ashamed and uneasy.

All three generations of our party and government leaders have stressed that leading party cadres must be both red and expert. Comrade Jiang Zemin even instructed that some textbooks be compiled for leading cadres, such as "What Is a Socialist Market Economy" and "Basic Knowledge of Modern Science and Technology." That is to say, to practice the purpose of our party and Army and be successful in our undertaking, it is insufficient to merely have good intentions and political enthusiasm, it is also necessary to be proficient in professional work and have a perfect mastery of the skills for serving the people. Li Guoan is a model of new leading cadres who have organically combined being red and expert and who are urgently needed in the new period. The model exemplified by Li Guoan is imbued with the flavor of the times; he should be held in high esteem and emulated by leading cadres at all levels.

It is easy to sing for a short time the song of wholehearted service to the people but it is hard to persist in doing so. For decades Li Guoan has not changed his original idea of serving the people and has worked hard to practice the purpose of our party and Army in his own job. The most important factor enabling him to do so is that he has consciously remolded his world outlook.

A deep-level reason for Li Guoan's ability to practice in an exemplary manner the purpose of our party and Army is that he has fostered a correct outlook on the world, life, and values. First, assiduously studying scientific theories to lay a solid foundation for a correct outlook on the world and life. Li Guoan has persevered in serving the people for decades as if it were one day chiefly, because he has kept on consciously arming his mind with scientific theory. Second, conscientiously stepping up ideological cultivation and trying to "conduct oneself with dignity [zi zhong 5261 6850], carry out self-

reflection [zi xing 5261 4164], be self-vigilant [zi jing 5261 6226], and encourage oneself [zi li 5261 0536]." To practice strict self-discipline constitutes an outstanding characteristic of Comrade Li Guoan in consciously remolding his world outlook. He sets strict demands on himself with the standards of a Communist Party member, frequently notes his own problems, shortcomings, and weak points, and consciously checks the gap between himself as a leading cadre and the requirements of the party and the people; frequently compares himself against what General Secretary Jiang Zemin said to him in encouragement—"Make redoubled efforts to perform new meritorious deeds for the people"—and sets an example in all matters so that the masses around him see the party image through his words and deeds; and constantly sets new and higher standards and demands for himself and advances without urging from others. Only by stepping up self-cultivation, carrying out self-remolding, and becoming conscious revolutionaries will it be possible for leading cadres of our party, especially senior and middle-ranking cadres, to consciously become loyal practitioners of the purpose of our party and Army. Third, matching words with deeds and combining remolding of the subjective with the objective world. In observing a person, we should look not only at the remolding of the subjective world but, more importantly, at whether he practices his enhanced understanding and thus unifies knowing with doing and words with deeds.

Practicing the purpose of our party and Army is a long-term task. In learning from Comrade Li Guoan, we should, as he has done, serve the people, remold our ideology, and do more meritorious deeds for the party, and add another glorious chapter to the history of our party and Army.

PRC: Liu Huaqing on Latest Military Trends

HK0803094096 Hong Kong HSIN PAO (HONG KONG ECONOMIC JOURNAL) in Chinese 9 Feb 96 p 17

[Article from "Beijing Political Situation" column by Jen Hui-wen (0117 19792429), datelined 7 February, Beijing: "Latest Trends in China's Military Revolution"

[PTS Translated Text for FBIS] Over the last two months, the Central Military Commission [CMC] of the CPC has made two important policy decisions to further improve the quality of army building.

When meeting cadres at and above the division level at the JIEFANGJUN BAO Office on 2 January, CPC General Secretary and CMC Chairman Jiang Zemin made the unequivocal call that all senior army cadres must attach the utmost importance to politics. Subsequently,

the General Political Department of the PLA compiled a collection of "Opinions on Strengthening Education and Management Over Senior and Middle-Ranking Army Cadres," emphasizing that senior and middle-ranking army cadres must attach the utmost importance to politics because they shoulder important leadership responsibilities. The fundamental aim is to firmly adhere to the road of building socialism with Chinese characteristics, ensure the party's absolute leadership over the Army, consciously safeguard the authority of the CPC's third-generation leadership collective with Jiang Zemin as the core, and resolutely obey the command of the CPC Central Committee and the CMC.

At the National Conference of Directors of Committees of Science, Technology and Industry for National Defense [COSTIND] on 22 December last year, CPC Politburo Standing Committee Member and CMC Vice-Chairman Liu Huaqing pointed out: Major countries today are locked in a contest of comprehensive national strength which centers on the race for economic, scientific, and technological supremacy. National defense strength is an important component as well as an important manifestation of a nation's comprehensive strength. Thus, developing defense-related scientific research is not simply a case of technological development, but is a strategic issue with a vital bearing on China's prosperity and security. To better improve the quality of army building and follow the road of troop improvement with Chinese characteristics, it is necessary to implement the strategy of "strengthening the Army through science and technology," energetically develop national defense science and technology, and modernize existing weapons and equipment. These remarks by Jiang and Liu indicated that in addition to continued adherence to the principle of "the party commanding the gun," the Chinese Communists are taking "strengthening the Army through science and technology" as an important strategic task in running the Army.

CMC Meeting Lays Down General Plan for Running the Army

According to Beijing sources, in early December last year, after Liu Huaqing returned from his visit to Russia, during which an agreement on Sino-Russian cooperation in the production of SU-27 fighters was signed, the CMC secretly called an enlarged meeting and reached a five-point consensus on the implementation of the strategy of strengthening the Army through science and technology. This five-point consensus is: 1) To draw up the Ninth Five-Year Plan for the Army and the long-term development blueprint to the year 2010; 2) To lay down the strategy for the development of national defense; 3) To draw up plans for the development of

military scientific research; 4) To ensure that the third-generation leadership collective with Jiang Zemin as the core has absolute authority over the Army in the post-Deng era; and 5) To implement Jiang Zemin's 20-character principle for running the Army, that is, "being politically up to the mark, having mastery of military skills, having a fine style of work, strictly enforcing discipline, and providing effective support."

The Chinese Communist military leaders emphatically pointed out: China has realized from the outcome of the Gulf War several years ago that unlike the human wave tactics of the agricultural age and the iron and steel warfare of the industrial age, air raids and precision strikes from long distances are decisive factors in the outcome of wars. It also realizes that information warfare and electronic warfare are of key importance, while fighting on the ground can only serve to exploit the victory. Hence, China is more convinced that as far as the Chinese Army is concerned, a military revolution (or military reform) with information warfare as the core has reached the stage where efforts must be made to catch up with and overtake rivals.

Liu Huaqing Discusses Strategy of Strengthening the Army Through Science and Technology

Actually, China put forward the concept of information warfare long before the Americans and Russians did. As early as in 1985, Shen Weiguang [3088 0251 0342], who was then only 25 years old and was serving in the Chinese Army, wrote a special volume on this topic. In August 1994, the leading Chinese scientist Qian Xuesen pointed out that with military operations entering the information age, China should pay attention to research on information warfare under a nuclear threat. Renowned nuclear weapon expert Zhu Guangya [2612 0342 0068] sees information technology as the core of the military revolution because information has changed the conventional practice of measuring military strength by calculating the number of armored divisions, air force wings, or aircraft carrier battle groups. Today, other intangible forces such as computational capability, communications capacity, and systems reliability must also be taken into account. In other words, a new global military revolution has arrived with the emergence of information technology. An invisible and quiet information warfare of "soft kill" will change the conventional modes of war for good. According to Beijing military sources, the Chinese military attaches great importance to this new military revolution and has begun the work of proving and practicing the theory of information warfare. Given the current state of cross-strait relations, the Chinese military may

take the pre-independence forces in Taiwan as targets of their tests if necessary.

Sources say that the above-mentioned remarks by Liu Huaqing at the National Conference of COSTIND directors, that defense-related scientific research is a strategic issue and that it is necessary to implement the strategy of strengthening the Army through science and technology, were made in the spirit of the enlarged meeting of the CMC.

Liu Huaqing also pointed out: In defense-related scientific research, it is necessary to adhere to the principle of "reducing the scale of research, giving priority to key tasks, ensuring support for urgently-needed projects, and coordinating development." "Special attention must also be paid to improving the quality of weapons and equipment, strengthening and perfecting the coordination of weapons and equipment, and turning the fruits of scientific research into actual fighting power as quickly as possible."

Liu Huaqing has also assisted Jiang Zemin in expanding relations with foreign armies and importing advanced military technologies. Before the enlarged meeting of the CMC, he personally led a delegation to Moscow to promote Sino-Russian military cooperation and establish new state-to-state relations. In his meeting with Prime Minister Viktor Chernomyrdin and other Russian leaders, he stated that as long as their bilateral relations are established on the basis of the five principles of peaceful coexistence, China and Russia will become good neighbors, good partners, and good friends. This pledge of non-confrontation, non-alignment, good neighborly and friendly relations, mutually beneficial cooperation, and common development won positive response from the Russians, and an agreement on Sino-Russian cooperation in the production of SU-27 fighters was subsequently concluded. Beijing military sources see this as a major breakthrough achieved by Liu Huaqing in his military diplomatic offensives.

Basic Concepts of the Development Strategy for National Defense

Sources also reveal that the basic concepts of the Chinese Communist Army's development strategy for national defense are as follows: First, the most fundamental aim of national defense development is to protect economic construction, not to start war. Second, China's security strategy for the post-Cold War era is to strengthen the modernization of national defense, increase self-defense capability, support regional cooperation in security matters, reduce hidden threats of military conflicts, and develop good-neighborly and friendly

relations. Third, the key to the implementation of national defense development strategy is to raise the level of national defense research and improve the scientific attainments of senior and middle-ranking commanders. Fourth, the fundamental objective is to be able to win local wars under high-tech conditions. The PLA General Staff Department has included "winning local wars under high-tech conditions" in the military training program for soldiers of the new generation.

Beijing military sources believe that carrying out a new military revolution to meet the needs of the changed global military situation will be the direction followed by the Chinese Communists in running the army.

PRC: General Staff Department Plans Army Training for 1996

*HK0803093796 Beijing JIEFANGJUN BAO
in Chinese 10 Jan 96 p 1*

[Report by Reporter Ren Yanjun (0117 3601 6511): "General Staff Department Stresses Need to Grasp Deepening Reform on One Hand, and Grasp Popularization of Results on Another in Making Arrangements for All Army Training Work in the New Year"]

[PTS Translated Text for FBIS] At the All-Army Training Work Conference held to make arrangements for training in the coming year, the General Staff Department stressed that in order to smoothly accomplish this year's training tasks and achieve smooth integration of training and reform in the previous three years with those in the next five years, it is necessary to grasp the deepening of reforms on the one hand and the popularization of results on the other.

In accordance with the requirements laid down in the Ninth Five-Year Plan for army-building and the actual conditions of current training and reform, the General Staff Department has put forward the following overall tasks and requirements for all-army training in 1996: All army units must conscientiously implement the important directives of the Central Military Commission on military training and, closely revolving around the target of "acquiring mastery of military skills" and taking the improvement of training quality as the central task, must lay stress on the provision of training to cadres and command posts, on the provision of training in the main direction and to key units, as well as on combined-arms tactical training. They must conduct training strictly in accordance with the reformed training and teaching programs, intensify studies on methods of operation, intensify the reform of training methods, accelerate the work of training legislation, and strive to standardize the training curriculum, establish a formal training order, build training grounds into

bases, introduce simulated methods in training, practice economy in training support, and standardize training quality.

The General Staff Department stresses that in training in the coming year, it is necessary to strictly adhere to the new-generation training program and assessment standards. All units must organize training in accordance with the standard curriculum prescribed in the new program, and establish a formal training order. Attention must be paid to all links of training, such as planning, preparation, implementation, assessment, and support, and conscious efforts must be made to adhere to the new program throughout the entire course of training. Contradictions must be properly resolved in order to ensure the implementation of the new program. Efforts must be made to strengthen organizational leadership by improving the ability of commanders and instructors to organize training, command and teaching in accordance with the new program. It is also necessary to properly handle relations between adhering to the program and integrating with the actual conditions, and between carrying out training in accordance with the program and deepening the reforms, and to promptly discover and rectify possible deviations in the course of implementation.

The General Staff Department points out that in all-army training in the coming year, it is necessary to pay attention to the popularization and deepening of results of studies on methods of operation in order to develop a set of methods of operation whereby existing weapons and equipment can be used to defeat a much more superior enemy. Training of combined arms and services must be strengthened in order to increase the organizational and command capability of command posts and to increase the overall combat capability of campaign army corps.

The General Staff Department also emphasizes that the key point of troop training this year is to grasp the reform of maneuvers and improve the quality of training. While focussing on the deepening and popularization of results of studies on methods of operation, special attention must also be paid to the coordination of training methods and methods of operation. It is necessary to strengthen maneuvers, devote major efforts to the training of "blue army" troops (detachments), and gradually increase the difficulty of maneuvers. This year, the whole army must attach importance to training legislation, and gradually establish a scientific mechanism for training management. It is necessary to grasp the development of simulated training and the building of training bases in order to meet the needs of training development.

The General Staff Department urges party committees and leaders at all levels to take effective steps to put military training in a position of central importance and to persist in providing strict and tough training. Efforts must also be made to strengthen correct guidance and strict supervision over training and to improve the quality of commanders in order to provide better guidance to training and reform.

PRC: Military Successful in Developing Telecom Equipment

HK0803084696 Beijing JIEFANGJUN BAO
in Chinese 11 Feb 96 p 1

[Report by special correspondent Guan Ke (7070 4430): "Chinese Military Achieves Brilliant Results in Scientific Research in Telecommunications Equipment"]

[PTS Translated Text for FBIS] This reporter recently has learned: Since the Eighth-Five Year Plan was launched, in accordance with China's conditions and military situation and by focusing on operational needs, basing itself on the current foundation, persisting in developing equipment on its own, actively using advanced technology for reference and production, and making efforts to raise the scientific research level and the overall level of technology, China's military has scored great successes in developing telecommunications equipment that suits the army's characteristics. The army has developed 148 pieces of new equipment, completed 204 technological renovation projects and more than 2,000 general structural research projects, and has been awarded 20 national scientific and technological progress prizes and 129 first and second-class military scientific and technological progress awards.

Telecommunications equipment has developed from a single station to a single station network and system [dan zhan xiang cheng wang cheng xi tong 0830 4541 0686 2052 4986 2052 4762 4827]. The Chinese army has also successfully developed a program-controlled switchboard, fiber optic communication, satellite communication, data communication, digital microwave, mobile communication, and other new equipment all at the world's most advanced level. All the newly developed telecommunications equipment has adopted the latest digital technology, fiber cable telecommunications technology, and computer processing technology and have in a step-by-step manner converted commu-

nication from analog to digital, wire transmission from electric cable to fiber optic cable, communication exchange equipment from electromechanical to program-controlled switching, and network management from manual to automatic. A variety of communication terminals have expanded the scope of operations and realized the conversion from traditional telegram and telephone to data, fax, graphic and visual communication and Chinese word processing.

PRC: Shandong Holds Forum on Improving Social Order

SK0703131296 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 6 Mar 96

[FBIS Translated Text] On 6 March, the province held a forum on studying and disseminating the CPC Central Committee and the State Council's decision on strengthening the overall improvement of social order. Zhang Huilai, Standing Committee member of the provincial party committee and secretary of the Political and Legal Commission under the provincial party committee, made a speech at the forum.

He stressed in his speech that continuously and persistently in line with the principle of dealing blows to and taking precautions against criminal activities and treating a disease by looking into both its root cause and symptoms, with the focus on thorough elimination, we should implement various measures for improving the social order.

Zhang Huilai pointed out: Comprehensively implementing the guidelines of the decision is of great significance to maintaining a sustained stability in social order and promoting sound development of the economy and society. Therefore, the leading comrades at various levels should continue to assume the political responsibility for ensuring the safety of the localities to which they belong, basically achieve the work governing the overall improvement of the social order at the grass roots, vigorously strengthen the building of grassroots organizations and the improvement of grassroots work, deeply popularize the general knowledge of laws, ensure improved social order according to law, ceaselessly upgrade the level of comprehensively improving social order, and provide a good environment for economic development and social progress.

General

PRC: Li Peng Calls For Boosting Agriculture, Industry in Jilin

OW0703161196 Beijing XINHUA in English
1545 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — Chinese Premier Li Peng urged local officials of northeast China's Jilin Province to boost agriculture and reinvigorate this China's old industrial center.

During a panel discussion attended by Jilin deputies to the National People's Congress (NPC) now in session, Li listened carefully to the NPC deputies' speeches about the province's grain production, macro-control over grain market, purchasing of farm products, revitalization of old enterprises, and development of pillar industries and the Tumen River area.

"Jilin has its peculiar conditions and advantages for grain production, and the central government places high hopes on the province's agriculture," he said.

He urged local officials to pay great attention to protecting the initiative of farmers, and if conditions are available, proper-scale farming should be introduced in some areas.

"Please assure the farmers that the state will purchase all cotton and grain from them according to (the products') quality," Li said.

At the same time, the premier required local officials not to misuse grain purchasing funds for other purposes.

"Township enterprises must be developed if the farmers want to get rich," he said, citing those engaged in processing of farm and sideline products through taking use of local resources.

The province should give priority to expanding automobile and petrochemical industries. In addition to support from the central government, the province should increase its capability for self-development, he said.

"Old enterprises in Jilin, and in northeast China as a whole, have made great contributions to national economy, but they are confronting with a host of difficulties," he said.

The premier expressed his hope that people from local business circles renew their concepts to enliven the old industrial center.

PRC: Zhu Rongji Urges Local Officials on Enhancing Agricultural

OW0703143196 Beijing XINHUA in English
1246 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — Local officials should spare some time going around vegetable markets to acquaint themselves with production and marketing of vegetables, Vice-Premier Zhu Rongji said here today.

During a panel discussion of deputies from central China's Hunan Province in the annual session of the National People's Congress (NPC), Zhu, who shows great interest in vegetable prices, asked the deputies from his home province lots of questions.

"We should attach importance to agricultural development and bear in mind the interests of the farmers and ease their burdens," said Zhu, who is also a Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee.

The most important issue in economic progress over the next five years is agricultural development, he said, adding that "nothing can be done if people go hungry."

Zhu also urged local officials to do a good job in industrial development by making the right choice as to what to produce and ensure the quality of the products. "We can achieve economic results only by engaging in manufacture of products which sell well on the market," he added.

Moreover, he said, an issue of vital importance for the development of enterprises is reform and interior management. Enterprise groups can be set up by means of economic laws instead of administrative interventions.

To achieve rapid economic growth and attain the goals put forward in the long-range objectives in the coming five to 15 years, he said, enterprises must strive for achieving the two fundamental shifts— from traditional planned economy to market economy and from the mode of being extensive to that of being intensive.

Otherwise, he said, these enterprises can neither achieve good economic efficiency nor maintain a sustained and healthy economic growth.

In addition to agriculture and state-owned enterprises, deputies present at today's panel discussion also conferred on such issues as construction of infrastructure facilities, irrigation projects as well as regional development and macro-economic control.

PRC: Zhu Rongji on Economic, Enterprise Reform
HK0803031096 Hong Kong CHING PAO in Chinese
1 Feb 96 No 2, pp 28-31

[Article by Chou Ying-ju (0719 4481 1172): "Zhu Rongji's Basic Ideas on Economic Reform"; italicized passages published in English]

[PTS Translated Text for FBIS] At the end of last year, the State Commission for Economic Restructuring called a work conference to study and formulate the implementation plan and policies for economic structural reform in 1996. On 20 December, Zhu Rongji attended the meeting on behalf of the CPC leadership, at which he listened to work reports and delivered a speech. In his speech, Zhu Rongji gave many important views on specific issues. Sources from many sides have revealed that Zhu Rongji has been regarded the first candidate for the post of premier at the next session, while Wu Bangguo is likely to become the government's First Vice Premier and member of the Standing Committee of the CPC Political Bureau. From his speech delivered at this meeting, people can see that Zhu Rongji has a unique capability and shrewdness when it comes to exercising his official duties. In handling economic issues in particular he is resourceful and astute and always keeps a clear head. The following is an excerpt of Zhu Rongji's speech and remarks made at the national conference on the work of economic restructuring, which this writer discloses on the basis of the meeting minutes.

Small City and Township Reform Should by No Means Take Up All the Farmland Under Cultivation

When listening to reports concerning the establishment of a unified social insurance organ, Zhu Rongji chipped in: We have intended to build up a unified system for many years; yet since all the major departments in charge of the work want to base the relevant institution on their own establishment, this system still remains a concept today. The institution you want to build up cannot be a transitional one, but one that plays the role of coordination only. The State Commission of Economic Restructuring is a powerless unit, and the new institution itself can accomplish nothing. This is not the unified institution we want. Without a large-scale reorganization in the setup of government organs, your new institution will have no way to be established.

When listening to reports on small city and township reform, Zhu Rongji interposed the following remarks: *The small city and township reform should by no means take up all the farmland under cultivation. We should see to it that the reform of small cities and townships*

will not get out of hand. Never ever raise slogans indiscriminately. Premier Li Peng has called for efforts in his work report to take up as little farmland as possible. Upon completion of his visit to Shanghai, the party secretary of Zhangjiagang raised the slogan of building Zhangjiagang into a city which "looks like Singapore in the daytime and Hong Kong at nighttime." Such slogans should not be raised. My biggest concern over the small city and township reform is that it may end up using all the farmland; without farmland, how can we feed ourselves? I refuse to go to exhibitions on small city and township reform, for I do not want to add fuel to the flames. When planning the urban housing system reform, I crossed out the word "township" from the plan. China is faced with an extremely imbalanced situation, and some localities remain extremely backward to this day. Certain slogans seem correct to you but are incomprehensible to others. Zhangjiagang has done a good job in promoting the building of spiritual civilization, yet its idea on urban construction should not be spread to the entire country for it may lead to unremediable consequences. We should try our best to keep a clear head at all times. The earthshaking changes that have taken place in small county townships since 1992 are a great accomplishment, yet this accomplishment has exhausted a large amount of money and has created no productivity. Such advanced development has been proved unbearable to the national strength.

When listening to reports regarding the reform of small enterprises in Zhucheng of Shandong Province, Zhu Rongji chipped in with the following remarks: We should judge the success or failure of an enterprise by its balance sheet, not by its output value or its total tax payment and profits. Comrade Hong Hu [3163 5706], said please lead a fact-finding team composed of people from the monetary sector, financial sector, and the State Economic and Trade Commission, and carry out a thoroughgoing investigation and study in Zhucheng.

Jiang Zemin Sums Up Experience Gained in Enterprise Reform

In his summing-up speech, Zhu Rongji noted: This conference on the work of economic restructuring has made a comprehensive review of our work, and the principle of the central authorities is clear to all; what we need to do now is to act in line with the spirit of the central authorities. Here, I will say a few words about my personal understanding: Enterprise reform is of extremely great significance, is the key to the overall reform, and is the most important task among all our major tasks. I agree with your view on making breakthroughs in handling key and sticky issues.

All of us should conscientiously study Comrade Jiang Zemin's speech in Shanghai. This is a very important speech; yet due to insufficient publicity and study, our people have yet to acquire a correct understanding of its significance. This speech has summed up the historical experience gained from the enterprise reform, and therefore serves as a guide to our work and a solution to current problems. Enterprise reform has attained remarkable results over the past few years, yet efficiency is not evident. The General Secretary has expressed his opinions on this issue. To successfully carry out enterprise reform, we should choose the correct orientation and never regard the work merely as a process of study. We should realize that we can by no means achieve success in enterprise reform through giving wide publicity to the reform in TV during certain periods. What we should do is to make propaganda of the issue on a constant basis, and seek unity of understanding. People's present understanding of the issue is far from unified. Here, we do not mean that the individual understanding should all be unified on this report; what we mean is to make thoroughgoing study and gain mastery of this speech. It is true that we should make explorations and blaze new trails, yet there is no need for too many new ideas. I also talked about my personal understanding at the central economic work conference. Another topic I touched on was the issue of agriculture. We will not succeed in arousing people's enthusiasm if we fail to provide them with sufficient food.

The 16-Character Four-Sentence Principle Must Be Put Into Comprehensive Implementation

First, we should be firm with our determination and confidence that *state enterprises can be run well and that privatization may not necessarily be the only way out for them.*

Second, we should acquire a comprehensive understanding of the basic features of the modern enterprise system. The 16-character four-sentence principle of "defining property rights and the scope of both authority and responsibility, separating the functions of the government from those of the enterprise, and introducing scientific management" is an interrelated unified whole, which should be put into comprehensive implementation. In the past, we placed stress on one aspect of the issue, and touched on other aspects lightly. We devoted too much attention to property right reform and the organizational form of enterprises. *I just do not believe that the "joint-stock system" is a miraculous cure-all for our problems, neither do I believe that workers will display more enthusiasm once the assets of their factory are divided among themselves. Yugoslavia was the first to*

adopt this practice; did it succeed? We must study carefully the reference materials regarding the practices of other countries. It is true that there are many successful joint-stock enterprises in foreign countries, yet most of the successful enterprises in these countries are not joint-stock enterprises. Excessive emphasis on property right and organizational form of enterprises is unlikely to produce the desired results both for the time being and for the long run. Today, many enterprises have totally ignored their reorganization and transformation, failed to carry forward many of their essential skills, and are prone to boasting and exaggeration. They even lack the ability to distinguish the real from the false when it comes to purchases of equipment and other things. This was not the case in the past. In 1964, our Army was engaged in a large-scale demonstration of and competition in military skills, while enterprises were undergoing a thorough training in basic skills and polished their machines till they shone. Today, what basic skills do enterprises have? I paid a visit to the Bell Company yesterday. Though a joint venture, the company is run by the Chinese, and its director and general manager are all assigned by the Chinese side. The company's per-capita labor productivity has reached as high as \$300,000, two to three times the world's average; yet the prices of its products are only one-half to one-third of the prices in Europe and the United States. The general secretary's requirement of "three transformations and one reinforcement" (that is, transformation of the organizational form, technology, and mechanism, and reinforcement of management) is a pressing matter of the moment, which must not be laid aside or ignored. Enterprises will by no means be run well if we fail to stress the "three transformations and one reinforcement." We should make clear the key points and refrain from dwelling too much on side issues. Some comrades say that I flare up at the mere mention of property right reform, which I do not admit. What I mean is that we should not place undue stress on this issue, for without marketable products, no enterprise can become a success even it introduces the joint-stock system. Some enterprises brag today and collapse tomorrow. We have seen enough of such cases. Where do marketable products come from? They come from good equipment, successful technological transformation, and sufficient capital input. At present, the country is plagued by large amounts of bad debts totaling several hundred billion yuan, which resulted from the wrong choice of products made by enterprises and their consequent inability to repay bank loans. These bad accounts are caused partly by historical factors and partly by mistakes made by enterprises during their operational process. The factory director of the Shanghai No. 3 Wireless Factory is a downright dunderhead, who borrowed 300 million yuan

from banks. A large number of enterprises start to feel a burden once they engage in technological transformation. That is why we say that there must be a good leading body, that the function of the government must be separated from those of an enterprise, and that factory directors must be professionals. Enterprises are a complicated place where one cannot succeed without making real efforts. We need to establish a reverse-pressure mechanism. What we have today is an anti-reverse-pressure mechanism, under which banks are put under pressure and those who have made a mess of their enterprises are not held responsible for their mistakes and can hold the post of factory director in the same old way. The General Secretary's stress on the need to integrate the deepening of reform with reinforcement of management has given full expression to the great importance of management. While making sure that property right is not ignored, we should reemphasize the importance of "three transformations and one reinforcement." Governments at all levels are required to pay close attention to this issue, strengthen leadership over the work, provide guidance for public opinion, and strive to attain tangible results.

Jiang Zemin Indicates That Enterprises Need To Pay Attention to Four Issues

Third, close attention should be paid to various supporting reforms. The general secretary has urged us: 1) We should step up efforts to redress the problem that the functions of the government are not separated from those of the enterprise. Many enterprises are messed up by the government. 2) It is imperative to strengthen the management and supervision of state-owned assets. We need to make further study of the issue, and there is still no final conclusion as how to preserve and increase the value of state assets and how to put them into actual operation. *The State Council has formulated relevant "Supervision Regulations," yet little progress has been registered in their implementation. Many enterprises out there are still doing whatever they like. Is this called property right reform? They have already shifted a considerable part of their assets to places outside the country. The Wuhan Wireless Factory has done a good job, and it is not alone in the country. There are actually many well-managed enterprises in China, including the Baoji Iron and Steel Works. This iron and steel works started with state fund allocations and had no debt burdens left over by history. Today, with a debt-to-total-assets ratio standing at 22 percent, the Baoji Iron and Steel Works has virtually attained the goal of preserving and increasing the value of its assets. The Shoudu Iron and Steel Complex, which was flourishing for a while, owes 10 billion yuan to banks and 2 billion yuan in taxes today and is now plagued by huge "debt chains."*

What economic efficiency can we expect of such an enterprise? The same person may come out with different results if he goes off course. *The system of supervision councils should be established and spread to all enterprises as soon as possible. The balance sheet and the profit and loss statement are precisely the things that we should set our eyes on. Without supervision, factory directors will become uncontrollable. The suggestion of the State Assets Administration Bureau to set up share-holding companies is unacceptable, and I do not approve of the set of methods you have proposed. You have overestimated your own strength to advocate the practice of share-holding companies. You should have first weighed up your actual ability before putting forward the idea. Nowadays, we are already subjected to excessive command of governors and mayors, and your participation in commanding shows that you have failed to estimate your position accurately. To become a main investment body, you have to follow the right path, and submit your financial revenue and profits to the state. We should refrain from rushing headlong into mass action in doing anything. Originally, we had the tentative idea of changing power and metallurgical sectors into share-holding companies; yet we think differently today and will not adopt the practice in the power sector. Meanwhile, it is a major issue as how to run well the metallurgical industry, and our thoughts on this issue are undergoing constant changes. Under the practice that the country's entire metallurgical industry is monopolized by one share-holding company, directors of every metallurgical enterprises will have to be assigned by the company while every metallurgical enterprise will have to take orders from the company in operation. It would be disastrous if China's existing iron and steel companies, which are considered large even by international standards, had to act at the command of one share-holding company and take orders from Beijing in handling every single affair in operation. In this case, the share-holding company will enjoy a greater authority than the Ministry of Metallurgical Industry, and this is a practice which we cannot accept. Originally, Premier Li Peng mentioned in his work report the experiments carried out by the power and metallurgical sectors; yet he cut out the point in the end in view of the present immature conditions for the practice by which one company monopolizes an entire industry. Further studies need to be made on this issue. The management and supervision of state assets and the preservation and increase of their value is a matter of great importance; we should act cautiously and refrain from giving an extravagant account of the issue. We will not easily say that all ownership rights belong to the state until we are clear as whoever can represent the state. Today, some enterprises enjoy a sound operation, for they have autonomy in handling*

their own affairs. Supervision councils should be established at an early date, and things will become better once put under supervision. Supervision councils will not play a direct part in the operation of enterprises, yet they enjoy the right to make suggestions to the State Council once problems are discovered, and can remove factory directors for failure to run their enterprises well. Problems relating to this issue need to be further studied and clarified. 3) A social security system must be established as soon as possible, under which enterprises can go bankrupt and workers can float to other sectors or seek new employment, without causing any disorder in the society. This is the ultimate goal for every reform. Enterprises without good credit will be unable to get loans from banks, and as a result, their workers and staff will have to lose their jobs. Shanghai has done a good job in encouraging dominant enterprises to merge difficult enterprises, and such a practice can alleviate the burdens of the state and provide more employment opportunities for workers and staff of difficult enterprises. Income from auctions of insolvent enterprises should first be used for the settlement of jobless workers and staff, and the State Council has made arrangements and stipulations guiding the work. No matter what mechanisms people are talking about, this is the mechanism we should set up. Under this mechanism, people can change jobs and are not provided with an "iron rice bowl." 4) Solutions should be found to the problem of unduly heavy burdens for enterprises. Some people always claim that their debts are caused by the state, not by themselves. *Enterprises without economic efficiency should be allowed to die, otherwise they will become an unbearable burden to the state. We should take resolute steps to check the trend of repudiating debts in any form. We should expose the malpractice of running fly-by-night companies and repudiating debts, find out its root cause, and define the scope of responsibilities. The practice of turning banks into investment bosses is unacceptable; banks cannot be bosses, not in China.*

Fourth, to deepen the enterprise reform, we should rely wholeheartedly on the working class. A set of management methods should be designed for factory directors that differs from that for cadres working in administrative organs. We should strengthen leadership and define the scope of responsibilities. Local governments should assume responsibility for the work of most enterprises and have the obligation to ensure sound management over enterprises. It will not do to rely only on writing off uncollectible accounts. Enterprises should strive to attain further development through self-reliance, and set their eyes on enhancing their internal mechanisms.

I am not against new things; yet since I have kept a relatively larger amount of information in mind, I

fear that things may go wrong. Leaders at the helm of reform should ensure the soundness of the entire reform process.

Economic Growth Mainly Relies on Unit Input

Now I will focus on the questions you have just raised:

The question of raising funds through multiple channels. I am not opposed to multi-channel fund raising. Direct financing is acceptable, yet the idea that direct financing can help reduce banks' risks may not necessarily be correct. We still need to exercise control on an overall scale. Direct and indirect financings are two things that rise and fall within the scope of total demand and supply. The risks in issuing bonds are tremendous, for people will start to create disturbances if they are unable to recall from the state 60 percent of the bonds they have bought. We have exercised control in this aspect since 1993. The risk of issuing stocks is similarly great—it may expand the size of credit and relax control over money supply. Except for the Shanghai Petrochemical Works and the Yizhen Chemical Fiber Factory, 16 enterprises listed in the Hong Kong Stock Exchange have seen their stocks plummet below the issue value, and among these, two suffered a drop below the face value. Far from feeling depressed under the pressure of circumstances, the bosses of these enterprises blamed the state when visiting Hong Kong, complaining that China's enterprises can see no hope of listing in Hong Kong in the future, for they have been thoroughly discredited there. This is not an issue of easing the tight money supply. Qiu Guohua (general economist and spokesman of the State Statistics Bureau) made some comments in this connection, claiming that all the problems are caused by the tight money supply. I would like to seek his advice on whether it is acceptable for us to ease the money supply. What will be the consequences of easing the money supply if working capital is used on infrastructural construction? Today, the scale of infrastructural construction has been excessively extended, which produces no economic efficiency or new products.

A Nobel Prize winner in the United States published an article in December 1994 on Asia's secrets to attaining economic growth. According to him, economic growth mainly takes two forms: One is input in large amounts, and the other is the output per unit input. This is in keeping with the gist of the Fifth Plenary Session of the 14th CPC Central Committee. The first form relies on expanding the size of the labor force, enhancing the workers' educational level, and increasing capital input; the second form relies on the increase of unit input, which means a better economic policy, a higher management level, and greater technological progress. The remunera-

tion of the former has decreased progressively. *The sustained development of a country can rely only on the increase of unit input, that is, the second form.* According to his analysis, the United States relies on technological progress for 80 percent of its economic growth, and on investment for the remaining 20 percent; the Soviet Union (including Russia) relies entirely on investment; Japan relies half on input and half on efficiency; the growth of Singapore is based on a qualitative change which is unlikely to repeat itself; China has seen little improvement in efficiency and has to rely mainly on input. He believes that Japan cannot catch up with the United States until the year 2047. This shows clearly that we should set our eyes on both efficiency and output per unit input, not on input. *I am not opposed to multi-channel fund raising, yet we should not place undue stress on it.* It is also incorrect to think that there exists a huge amount of idle capital in society, for such capital is virtually speculation capital which is used to play the market. Holders of such capital are reluctant to put their money into basic construction because of its low investment recovery rate.

The issue of levying income taxes of different categories is another item. The reform of the fiscal and taxation system is a tremendous accomplishment. The country's total tax revenue was around 50 billion yuan in the past, yet it has grown to 95-99.5 billion yuan in recent years; by November last year, total tax revenue reached 90.5 billion yuan, exceeding the country's total for the previous three years of 90 billion yuan (figures as published). This is a huge success. Further efforts should be made to reform and improve the income tax system for enterprises, and to push the total revenue of personal income tax to 3 billion yuan, 7 billion yuan, and then to 10 billion yuan. We should ensure sufficient time for relevant departments to make necessary summarizations and amendments. The practice needs to remain stabilized for a certain period, during which lessons and experience shall be summed up. The 35 medium and large cities across the country, urban cooperative banks, and rural financial departments can accelerate their pace next year. In carrying out the financial reform, we should bring the foreign exchange balance of foreign-invested enterprises into line with management according to international practices, and realize the convertibility of the RMB under the current account (which means the trade account, not capital account).

Provident Funds Are the Nucleus of the Housing Reform

Comrades present at the meeting may not be aware of the importance of provident funds to the housing

reform. Provident funds are the nucleus of the housing reform. With a view to arousing the enthusiasm of its workers and staff, an enterprise will deposit 5 percent of its total payroll into provident funds, together with the 5-percent contribution of its workers and staff. In this way, enterprises can rely on their accumulations to carry out the housing reform, not on state support. In Shanghai, the total amount of provident funds has reached 7 billion yuan, of which 5 billion yuan are in actual use and earmarked for house purchases and construction. Shanghai's method is well designed, for the provident funds will not be used by banks, but by the housing coordination center; and the practice of buying in and selling out at a low level (6 and 7 percent respectively) is of the nature of mutual assistance. The portion of interest deposited in the bank can be set at a relatively higher level (9-10 percent), which should be subjected to the supervision of financial departments and cannot be used for other purposes. The low costs of the housing center, which hires only a few hands, will be paid with the interest deposited in the bank. This practice is worth learning and should be spread to more enterprises as soon as possible, thus enabling the economy to follow a steady course upward.

PRC: Officials Call For Maintaining Household-Based Farming

OW0703161896 Beijing XINHUA in English
1523 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — A senior Chinese official called for adhering to the household-based farming system and emphasized the importance of grain production.

"The household-based farming system should remain unchanged for a long period of time to come," said Tian Jiyun, vice-chairman of the Standing Committee of the National People's Congress (NPC), at a panel discussion attended by Sichuan deputies to NPC now in session here.

China should persist in developing a diversified economy, rural industries and a high-yielding, high-quality and high-efficient agriculture, said Tian, who is also a member of the Political Bureau of the Communist Party of China Central Committee.

In today's panel discussion of Shanghai deputies, Huang Jue, party secretary of Shanghai Municipal CPC Committee, said making use of advances in science and technology is the key to achieving a sustainable economic development and enhancing the country's comprehensive national strength.

State Councilor Luo Gan joined in discussions by Hean deputies. He urged local officials to grapple with public security problems.

"Serious criminal cases should be dealt with promptly and resolutely, and enough attention should be paid to tackling public security problems that affect people's interests," he said.

PRC: Leading Bank To Continue Financial Support of State Firms

HK0803063396 Beijing CHINA DAILY in English
8 Mar 96 p 5

[By Zhang Yu'an: "Aid For State Firms Pledged]

[PTS Transcribed Text for FBIS] The country's leading commercial bank yesterday pledged to continue its strong financial support of State-owned enterprises this year.

The Industrial and Commercial Bank of China, a leading supplier of working capital to industrial and commercial firms in the country, has worked out a 13-article document on supporting the reform of State-owned firms which are the backbone of the national economy.

According to the document, released yesterday by the bank, deepening reform of State-owned enterprises is an important step towards the establishment of a socialist market economy system in China and also one of the key national economic tasks this year.

For this reason, the bank's headquarters required all its branches and sub-branches to strengthen their support of the reform of State-owned enterprises.

According to the document, the headquarters, provincial branches and branches in major cities should establish leading groups consisting of senior bank officials to support the reform of State-owned enterprises.

Meanwhile, the leading groups should strengthen their co-ordination with local governments so as to participate in the drafting and implementation of corporate reform plans.

The document says that branches and sub-branches at all levels should actively support State-owned enterprises in replenishing the capital funds they need for production.

To help enterprises to develop new products and carry out technical renovations, the bank's headquarters required its branches to link the supply of technical renovation loans with corporate system reforms. The firms which are on the State list of corporate system reforms will be guaranteed timely and full scale loan support for their technical renovation and development projects.

Moreover, State-owned enterprises in 18 major cities of the country will also be able to get mortgage loans from the bank for their projects in the service industry. The projects are designed to provide jobs for laid off employees.

The projects are required to have good development futures, the document stipulates.

Syndicated loans will be organized by the bank to support development of large and super large State-owned enterprises, according to the document.

The bank's document is considered a step towards enhancing its financial support of State-owned enterprises, according to a bank official.

Between October 10 and November 10 last year, the bank injected 6.3 billion yuan (\$759 million) worth of working capital loans into more than 300 large and medium enterprises in 50 major cities of the country.

The money helped the firms overcome their financial difficulties and maintain smooth production.

According to information released by the bank, 32 per cent of the loans went to enterprises directly under the leadership of the central government and more than half of the loans were provided to enterprises in the metallurgical, machine manufacturing, light industry, chemical and automobile industries.

PRC: Statistics Bureau: Industry Grows 14.4 Percent

OW0803070996 Beijing XINHUA in English
0632 GMT 8 Mar 96

[FBIS Transcribed Text] Beijing, March 8 (XINHUA) — China produced 271.8 billion yuan-worth of industrial output in the first two months of this year, up 14.4 percent over the same period of last year, according to a report issued today by the State Statistics Bureau.

The state-owned enterprises and enterprises in which the state holds a controlling stake realized 159.3 billion yuan-worth of industrial output, 8.3 percent more than in the corresponding period last year, with the former witnessing an eight-percent growth in output.

The report said that during the January-February period, China's heavy industry realized an output value of 157.2 billion yuan, a rise of 14.6 percent on an annual basis, while light industry realized a new output value of 114.6 billion yuan, an increase of 14.2 percent.

"Heavy industry accelerated its development at almost the same speed as that of light industry," said the report, "ending the leading position of light industry."

The report said that in the same period China produced primary energy equivalent to 173 million tons of standard coal, nine percent more than in the same period of last year.

Both coal production and power generation saw increases of ten percent, while crude oil production rose 5.9 percent during the first two months of the year.

Production of rolled steel and pig iron grew 5.6 percent and 7.8 percent, respectively, during the same period.

The report said that China's production of commodities which support agricultural production also witnessed a rapid rise.

China produced 4.29 million tons of fertilizer during the two months, an increase of 14.4 percent on a yearly basis.

Finance & Banking

PRC: Shanghai Financial, Trade Status No Threat To Hong Kong

OW0703041296 Beijing XINHUA in English
0255 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — The establishment of Shanghai as an international financial and trade center will not impose any threat to Hong Kong's economic position, Shanghai Mayor Xu Kuangdi said today.

Xu is here attending the on-going annual session of the National People's Congress in Beijing.

He added that the endeavor of his city to turn itself into an international economic, financial and trade center can only promote economic prosperity instead of producing any negative impact on in Hong Kong.

When a nation's economy takes off, it is inevitable that a regional financial and trade center will emerge to cope with large, frequent flows of commodity and capital, Xu noted.

China has reported rapid economic growth over recent years, with its foreign trade volume hitting 280 billion US dollars last year. And the figure is expected to run higher still during the Ninth Five-year Plan (1996-2000) period.

Early this century, he recalled, the United States became the center of global economic expansion, and New York turned to be an international financial center. But New York then did not shake the position of London as the banking and trade center of Europe, the mayor said.

Nor did Japan with rapid economic boom after the Second World War replace New York.

During a recent forum, Xu noted, personalities from industrial and commercial circles in Hong Kong and Shanghai reached the consensus that the two areas will only complement each other along with China's overall economic expansion.

In particular, Shanghai is backed up by economic take-off in the Chang Jiang River Delta and the Chang Jiang River basin, Xu said.

PRC: Shenzhen SEZ Considers Opening B Shares to Natives

OW0703211696 Beijing XINHUA in English
1625 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — The Shenzhen special economic zone (SEZ) is considering allowing individuals and enterprises to buy the B-class shares with foreign exchanges, a senior city official attending an ongoing National People's Congress session said here today.

Li Youwei, secretary of the city committee of the Communist Party of China, told XINHUA that Shenzhen is also thinking of establishing one or two Sino-foreign funds to introduce overseas capital to the domestic A-class share market.

A shares are denominated and traded in the local currency of yuan and currently open for domestic investors only. B shares are denominated in the US dollar but quoted in yuan and available only to overseas buyers.

Li described the city's financial market as "fairly sound", saying that all local banks have been operating on pure commercial lines.

There are 52 foreign-fund banks and bank offices in Shenzhen, with loans outstanding valued at 3.6 billion US dollars at the end of last year, according to Li.

The booming city also plans to establish a securities company with a capitalization of more than one billion yuan, said Li, a member of the Preparatory Committee of the future Hong Kong Special Administrative Region.

As China's first SEZ, Shenzhen will continue to take the full advantage of neighbouring Hong Kong and live up to its role as a showcase of the country's reform and opening policy and a testfield for socialist market economy reforms, Li said.

He also said his city will work to lead and promote economic growth in the country's interior and facilitate the return of Hong Kong to the motherland.

"We're studying how to do a good job in making Shenzhen dovetail with Hong Kong so as to ensure its prosperity and stability," the secretary told XINHUA.

In one of the envisaged measures to link the two cities, a 5.5-km cross-sea bridge will be built in Shekou with money from both sides, according to Li.

He said that particular efforts should be made to connect the two cities in the service sector including finance, trade and transportation.

"If the work of connection is well done, Shenzhen will be able to attract more businesspeople and investment from Hong Kong and continue to be a logistics base for Hong Kong," Li said.

***PRC: Debt Resolution for Banks, Enterprises Discussed**

96CED150A Beijing ZHONGGUO GAIGE [CHINA REFORM] in Chinese 13 Dec 95 No 13, pp 23-24, 16

[Article by staff reporter Xu Jianmin (1776 1696 3046): "What Is the Future of Enterprises' Oversize Debts and Banks' Inefficient Assets? Interview With Doctor Zhou Tianyong, Director of the Central Party School's Economic Research Center"]

[FBIS Translated Text] At present, the debt overload of state-owned enterprises and the inefficient expansion of bank assets have been attracting more attention throughout society. State-owned enterprises' debt overload not only makes it difficult for them to keep up their own regular operations, the pressure of heavy debts also retards the progress of measures such as reorganization of enterprise property rights and asset structure, joint stock system reform, etc. At the same time the huge volume of inefficient loans taken up by state-owned enterprises further reduces the asset quality of banks and does serious damage to the credit system and reputations of banks. Under these circumstances there has been hardly any progress in converting specialized banks to commercial banks. Resolution of the inefficient assets of banks involving enterprise debt overload relates not only to the survival of banks and enterprises; of even greater importance, it is integral to the success of the next step of reform. For some insight into this matter, we interviewed Doctor Zhou Tianyong [0719 1131 0516], director of the CPC Central School's Economic Research Center.

The Deteriorating Bank/Enterprise Relationship Will Have Severe Consequences

Zhou Tianyong started off by introducing the currently slumping relationship between banks and enterprises. He noted that at the end of 1994, the total assets of state-

owned enterprises were 4.137 trillion yuan; if we count assets hanging on account, the enterprise debt rate is as high as 84 percent, 70 percent in loan debts. Calculated at the present interest rate level, even if the enterprise debt rate fell to 50 percent, many enterprises still could not show a profit. This is explained by the fact that at least 30 percent of the debt is overload debt. At present, most estimates are that the volume of banks' inefficient assets, that is dead accounts and bad accounts, total about 800 billion yuan, though some scholars put it at a higher figure. But regardless of how much it is, bad and dead accounts at banks and the overload debts of enterprises are two aspects of the same issue.

This young scholar is also concerned that the deteriorating bank debt relationship is manifested in a declining efficiency rating for enterprises and an increase in their debt load. He says that last year's enterprise asset profit rate was around 6 to 7 percent, while the statistics from January to August of this year show that the enterprise profit rate dropped by 1.4 percent. Calculated on a base of 4 trillion in assets, enterprises decreased or lost over 50 billion yuan. The bank interest rate rose nearly 2 percent, while the loan debt rate for enterprises is 70 percent. Obviously, every percent of increase means enterprises must pay an extra 28 billion yuan in interest and 2 percent means 56 billion yuan. Added to the 56 billion yuan loss from declining enterprise efficiency we mentioned earlier, the domestic economy will suffer a massive reduction of 112 billion yuan.

The impact these huge enterprise losses will have on the domestic economy is something which cannot be ignored. Zhou Tianyong believes the crisis will manifest chiefly as: One, if enterprise efficiency continues to decline this year and in the next few years, it could possibly eat up all the net enterprise assets, which would make the majority of state-owned enterprises no more than empty shells. Two, the enterprise debt overload will put massive pressure on banks. Estimates are that bad and dead accounts in banks will grow at a rate of 80 to 100 billion yuan each year. If this continues, banks will go into bankruptcy. Zhou Tianyong emphasizes that in this sense, the issue of enterprise debt overload and the issue of the inefficient use of assets by banks are equally as important as agriculture and grain, and even more important if looked at from this angle.

Some Proposals for Debate

Don't we have any proposals for dealing with such critical issues? By all means! Zhou Tianyong has put forth a few ideas for handling our current problems. *One is that public financing assume the burden, that is, public financing takes on enterprise debt and public financing takes the debts to the bank.* The problem with

this method is that the 1 trillion yuan debt overload takes more than 200 billion yuan in interest. Given the current fiscal capacity, public financing cannot bear the 200 billion yuan interest expense at all. Two is "converting debts to shares of stock," which is converting enterprise debt to interbank sharing of investment in enterprises. Although this plan deviates in some particulars from the recently-passed "Bank Law," we can be somewhat flexible in the implementation methods, for example, establishing intermediate institutions or debt banks. The obstacle to this plan is that according to the international practice set forth in the "Basel Agreement," a bank's asset fulfillment rate (bank ownership interest divided by total volume of assets) should not be less than 8 percent. However, this rate would be fairly low in China today. In a situation where the former state-owned economy's asset profit rate is only 5 to 6 percent, the problem with this plan is the 140 billion yuan interest gap between deposit interest and bank share owners' dividends. Three, some authorities have suggested establishing a "debt reorganization fund," permitting banks to issue debt restructuring securities and priority shares in society. The problem with this plan is that dividends must be higher than bank interest, and no matter whether it be securities or some other priority stock, there still exists the problem of huge interest subsidies to fill in the gap between enterprise efficiency and the deposit interest rate. Four, is the method suggested by some local governments, that is, "breaking one piece, establishing one piece, and saving one piece." The essence of this method is to destroy an enterprise's debt overload. This may be feasible in some areas, but it is hard to undertake in the macroeconomy as a whole. Should a city bankrupt 20 enterprises, and 18 trial cities follow this practice, then the country would need to commit as much as 100 billion yuan in capital to implement this plan. At present, the total volume of bad and dead accounts in banks is 20 billion yuan but it would be impossible for all the funds to be used in concert with this plan. Five, is "converting fund allocations to loans" and "converting loans to investments". If all 66 billion were converted to investment it would resolve only 0.66 percent of the problem [sic]. Zhou Tianyong believes the above five plans can be summed up as the "blood transfusion" method. This sort of method assumes two basic prerequisites: One, that after the "blood is pumped" the enterprise debt rate will not rise; second, after their debts are restructured, enterprise efficiency will definitely rise. In fact, neither of these is a tenable assumption. So what is the future?

There Must be a Focus on In-Depth Resolution of Enterprise and Bank Debt Contradiction

The above analysis shows the shortcomings of the "blood transfusion" method. This way obviously cannot resolve the enterprise-bank debt matter. Actually, the key issue is the failure to see the in-depth contradiction between enterprise and bank debt. Zhou Tianyong points out that to fundamentally resolve the debt issue between enterprises and banks, we must focus on resolving the in-depth contradiction behind this issue.

The distribution pattern of our domestic income has brought about major changes among the state, enterprises, and individuals, but the enterprise asset structure and financing channels, the finance system, and the capital market's development and reform all lag behind. State-owned enterprises derive their capital from three channels: The state's investment, bank savings deposits, and enterprises' own capital. Right now, public finance is impotent, with the state having no ability to care for all of a state-owned enterprise's investment (fixed assets, technology renovation capital, etc.), while the enterprises' heavy burden and excessively low efficiency limit them to depositors' savings, growing at 670 billion yuan per year. The state has legally prohibited commercial banks from investing in enterprises, and only permits enterprises to borrow from banks. So under this structure, the single financing channel and the low level of capital marketization will assure that after the state gives enterprises their transfusion, the rate of debt carried by enterprises will surely rise again.

There is a contradiction between marketization of interest rates and the slow reaction of enterprises to adjustments in interest rate. This is the contradiction between continuously rising interest rates and resolving the debt problem of enterprises. When the interest rate is higher than the average industry profit rate, there can be no resolution to the debt problem and enterprises cannot bear it. When this reporter asked whether some experts think that rising interest rates will help restrain demand and make up bank losses, Zhou Tianyong replied that loan demand is actually a phony demand in China because of our investment system, enterprise operation system, and behavior. Meanwhile, because people's income basically all goes into banks and forms the loan supply via a single income channel, using this sort of phony loan demand and abnormal loan supply to resolve loan interest has to keep interest rates very high. In a situation where investment and enterprise efficiency are both low, banks will necessarily pay more interest to depositors, increasing their operational expense and enterprise losses. In the end it will all be transplanted to the banks, forming inefficient assets in which the state assumes the risk.

The contradiction of the state-owned economy's investment and enterprises' excessively low efficiency. Zhou Tianyong points out that the fundamental reason for enterprise high debt assumption rate and the huge volume of inefficient assets in banks is the low efficiency of capital operations, led by the low efficiency of state-owned enterprises' operation and the low efficiency of state-owned economic investment. It is not enough to analyze the problem just from the standpoint of debt assumption. South Korean enterprises at one time had a debt assumption as high as 90 percent, but their high rate of asset profits kept their economy operating very well. Therefore, the most fundamental method of resolving the problem is to get at the matter of enterprise efficiency.

Fundamental Methods of Resolving the Debt Problem

Zhou Tianyong says that limiting factors such as the small reserve funds for dead accounts, a shortage of public financing, and large interest subsidies will make it impractical to resolve the state-owned enterprise debt problem by applying any one single method (if the debt problem is to be resolved completely in 1996, reducing the enterprise loan debt burden to 50 percent, estimates are this would require restructuring of about 1 trillion yuan in overvalued debt). Resolution of enterprise debts must combine the three methods of "blood transfusion," debt restructuring, and self-digesting. Although the "blood transfusion" method is imperfect, it is required. Specifically, it will act to change "converting from allocations to loans" to "converting loans to investment," making this into enterprise capital fund input. Those who use central government, provincial, and city public finance department loans and use these loans as financial input for turning over the "two types of funding," must convert these loans to the state's capital input to enterprises. The state must take a portion of the money used to waive enterprise debt from the profits on currency issuance or subsidize the interest on dead accounts, and local governments must waive a portion of the debt from local income taxes. Choose some enterprises which have good efficiency and convert 5 to 10 percent of their net assets; convert commercial banks' enterprise debt volume from special investment banks (debt banks) or intermediate institution to capital input annually; and resolve bankruptcy within the scope permitted by banks' bad account reserve funds. He forecasts that handling it this way will resolve about 10 percent of the debt.

Zhou Tianyong believes we must give a high degree of attention to the methods of restructuring. Currently there are many methods being brought to bear to resolve debt

problems through enterprise asset restructuring, and we may summarize these as: auctioning property rights debt rights; converting debts to stock; merging enterprises; spreading out small enterprise debts as debt agreements between individuals and enterprises; converting debt rights to stock owner rights; implementing the joint stock system; raising funds from society and enterprises responsible for debt according to their share, etc.

Last, we should note that the "self digestion" method is also an important means of resolving enterprise debt. Zhou Tianyong said that the "self digestion" method improves enterprise efficiency, that is, the asset profit rate. This is a complex matter. The fundamental way to future debt resolution lies in improving efficiency, whereas the efficiency matter involves the system. Therefore, the fundamental method of completely resolving the problems of enterprise high debt burdens and bank inefficient assets lies in accelerating reform of problems such as the relationship between administration and enterprise, the enterprise system, the banking and investment system, while perfecting enterprise management and improving enterprise efficiency.

Foreign Trade & Investment

PRC: Beijing Court Employs IPR Piracy Advisers
OW0703161496 Beijing XINHUA in English
1515 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — The Beijing Higher People's Court today announced that it has employed 21 leading law experts as intellectual property rights (IPR) advisors.

The experts are mainly from universities and research institutes, such as the prestigious Chinese Academy of Social Sciences.

This is believed to be the first time a Chinese court has taken this course of action.

Sheng Liangang, President of the court, has asked his faculty members to listen to the opinion's of the team of experts "in a serious manner" whenever they handle IPR cases.

The court has seen a sharp increase in the number of IPR cases, according to Sheng. Between 1993 and 1995, it handled 764 IPR cases, exceeding the total number in the previous ten years.

Cases involving infringements of copyright, trademarks and patents are very complicated in both legal and technological aspects.

China, with a short history of copyright protection, therefore has to take advantage of the wisdom of high-level experts, Sheng explained.

"This will enable the court deal with IPR cases fairly and justly," he said. The team of law experts will work part-time for the court.

The court has also employed a patent and copyright institutions as its appraisal bodies.

China has been running an intensive crackdown on copyright piracy since last winter. An initial victory has been announced.

PRC: Shanghai Plans To Attract More Foreign Investment

OW0703202796 Beijing ZHONGGUO XINWEN SHE
in English 0315 GMT 7 Mar 96

[FBIS Transcribed Text] Shanghai, March 7 (CNS) — To speed up modernisation and international trade, business in Shanghai plans to attract more foreign investment, foreign trade and external business.

Five broad areas of development have been marked out to this end:

1. A food processing industrial park with advanced food technology and a wider product range;
2. Marketing and distribution facilities;
3. An on-line computerised communication network to facilitate payments, ordering, warehousing, inventories and pricing;
4. Large delivery service joint ventures;
5. Expansion of the service sector including chain stores and convenient shops. the number of new large-scale department stores in down town areas will be controlled.

In 1995, 56 foreign-funded business projects involving an aggregate investment of US\$ 300 million were introduced into Shanghai's wholesale and retail industry. Of these nine projects involved 10 million or above.

In addition, established foreign firms like Coca Cola and Kentucky Fried Chicken are optimistic about the future of Shanghai to the extent that they have increased their investment in the city by US\$ 46 million.

Agriculture

PRC: Ministry of Agriculture: Nation To Grow More Grain in 1996

OW0703144796 Beijing XINHUA in English
1356 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — The area devoted to grain growing in China will top 110 million hectares this year. To ensure a bumper harvest Chinese farmers have now started the busy task of spring ploughing.

The country plans to grow 29.7 million ha of winter grain, 400,000 ha more than last year, and more than 6.5 million ha of winter rape, almost the same as 1995, says the Ministry of Agriculture.

Local agricultural departments are increasing the use of new technology in spring sowing work. Twelve provinces, including Henan, Shandong and Hebei, have supplied local farmers with quality seeds which are to be sowed in farmland.

A ministry source said that more than 30 million tons of chemical fertilizers have been provided for farmers so far. The supply of main crop seeds is sufficient to meet the farmers' demands.

PRC: Minister Announces Increase in Grain Purchase Price

OW0703142496 Beijing XINHUA in English
0926 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — China this year will raise state grain procurement prices by 20 percent to help unleash farmers' enthusiasm for grain production, Minister of Agriculture Liu Jiang announced here today.

Speaking to Chinese and foreign reporters, Liu said the possible impact of the proposed price hikes has been taken into consideration when a 10 percent inflation is planned for this year.

Enabling farmers under the poverty line to have enough to eat and wear is one of two major tasks set for the new five-year plan starting this year, he said.

The other task, Liu said, is to ensure stable increases in the annual output of grain, cotton, oil and other major crops.

To accomplish the tasks, Liu promised that funding for agriculture will be guaranteed.

Despite serious natural disasters last year, China scored a record grain harvest of 465 million tons and the average per capita income of its farmers rose by 5.3 percent.

Liu said the government will promote the application of 10 key farming techniques and introduce 1,000 from other countries in the next five years to raise from 35 percent to 50 percent the contribution rate to agricultural growth by advances in science and technology.

He estimated China's demand for grain at 600 million tons in the year 2030 when the Chinese population peaks at 1.6 billion. He said he is "very confident" that the demand will be met so long as China can increase its

grain output by four billion kg annually, or less than one percent on a yearly basis.

According to the minister, China's average annual increase of grain production has been eight billion kg, or three percent on a yearly basis, in the past 46 years.

China's self-reliance for grain supply does not mean China will not participate in international grain trade, he said.

"It is possible that we import in lean years and export in good harvest years," Liu said.

Taking a question from a US reporter, Liu said that China's grain imports from the US are about one third of its total annual imports and that the proportion has been "fairly stable" unaffected by other factors.

PRC: Fujian Province To Give Priority to Agriculture

OW0703211996 Beijing XINHUA in English
0713 GMT 7 Mar 96

[FBIS Transcribed Text] Fuzhou, March 7 (XINHUA) — Fujian Province, a leading grain base in east China, is to give top priority to agricultural development in the next five years, a senior provincial official announced here today.

The province set aside an additional 38 million yuan in its budget for capital construction this year, one-third of which will go to the agricultural sector.

Expenditures on agriculture-related production will increase by 11 percent, 1.6 percentage points higher than the overall revenue growth rate in Fujian, the official said.

Local branches of the Agricultural Bank of China have prepared 1.5 billion yuan for loans for the forthcoming spring planting. About 830 million yuan had been used by the end of February, up 11 percent over the figure in the same period of last year.

Although it is short of arable lands, the coastal province reported a record grain harvest of 9.2 million tons in 1995, up 325,000 tons. Farmers' per capita annual income averaged 2,048 yuan.

PRC: Henan Province Increases Loans To Help Ensure Good Harvest

OW0703213096 Beijing XINHUA in English
1314 GMT 7 Mar 96

[FBIS Transcribed Text] Zhengzhou, March 7 (XINHUA) — Spring plowing, aimed at getting land ready for sowing in the first season of the year, is going full steam ahead in central China's Henan Province.

To beef up the momentum the provincial government has remarkably increased policy-oriented loans to support cultivation of land so that a good harvest is ensured.

Loans for this purpose amounted to 3.361 billion yuan (about four billion US dollars), up over 40 percent from last year. Government departments of planning, finance and credit have also raised input into the agricultural sector.

This year Henan started the spring plowing program earlier than last year. And crops like wheat, a Chinese staple, and rape have been fertilized.

Data provided by departments in charge of agriculture show that the total acreage of crops stands at 133 million mu (about 8.7 million ha) this spring, up 1.184 million mu from last spring. The acreage of rape and vegetables are 4.51 million mu and 10.326 million mu, up 400,000 mu and 1.215 million mu, respectively.

Officials said that the spring crops are growing well. And seeds of maize, hybrid rice and cotton have been secured for sowing, and are in ample supply.

Henan now has 83.28 million kg of maize, six million kg of hybrid rice and 43.5 million kg of cotton.

A survey conducted by the agricultural departments among 12,000 rural households in 25 counties indicated that 90 percent of the farmers have purchased adequate fertilizer.

Facing a looming drought, the province has dispatched 18 work teams to 17 cities and prefectures.

PRC: Guangdong Official Denies Farmers To Sell Land-Use Right

OW0803152596 Beijing XINHUA in English
1241 GMT 8 Mar 96

[FBIS Transcribed Text] Guangzhou, March 8 (XINHUA) — A land official in south China's Guangdong Province has refuted the claim that farmers there will soon be allowed to freely sell land-use rights.

Yuan Zheng, director of the Guangdong Land Department, dismissed reports in the press that "Guangdong will allow farmers to freely sell farmland" as "groundless."

"Supervision of the flow and transfer of collectively-owned land-use rights in the rural areas is an important part of land management," he said.

"Such transfer must conform to legal procedures," he said, adding that farmers are forbidden to randomly transfer or sell collectively-owned land.

Yuan pointed out that in recent years collectively-owned land in some rural areas has entered the market in all kinds of forms, such as direct buying, selling or lease. Some areas have taken land as assets when setting up joint ventures or co-operative ventures.

In response to this, relevant departments are drawing up regulations governing the management of land used for construction in Guangdong's villages and towns, in order to put the flow and transfer of collective-owned land onto a legal track.

Local land departments said that transfer of collectively-owned land-use right in rural areas are mainly undertaken in the following circumstances:

First, in terms of the farmland contracted by farmers, the farmland's contract right and the cultivation right can only be allowed to flow or be transferred within the collective organizations. Such farmland cannot be used for other purposes;

Second, when the collectively-owned farmland are to be used by collectively-owned economic organizations for public undertakings or to be used for building residences for farmers. Such farmland can only be used with government approval and is not allowed to be transferred;

Third, when town- or village-level collectively-owned organizations are to use land for setting up industrial or business enterprises, the land can only flow or be transferred on the market after it has been turned into state-owned land.

***PRC: Alternative Scenarios for Grain Reform Viewed**

96CE0142A Beijing ZHONGGUO NONGCUN JINGJI [CHINA'S RURAL ECONOMY] IN Chinese No 11, Nov 95 pp 11-14

[Article by Tang Renjian (0781 0088 0256), deputy director of the Policy and Legislation Department, Ministry of Agriculture: "Grain Policy Reform: Sticking Points and Goals"]

[FBIS Translated Text] 1. Foreword

Various indications suggest that a new grain crisis is underway in China. Some basic facts are that in the nearly 10 years since 1985, the country's overall grain output capacity has hovered between 425 and 450 million tons; the market price of grain has risen steadily; and in order to hold down grain prices, the government has used market methods (in 1993, 98 percent of counties and cities deregulated grain procurement and sale prices), and curbs or planning methods (in 1994, it increased plan regulation and

control of grain procurement and marketing), all for seemingly little effect.

This new Chinese grain crisis differs from previous ones. Although one cannot say that government grain market policy is entirely rational, at least it has improved to a very great extent. Even though the government increased plan regulation and control of grain procurement and marketing in 1994, the starting point for, and the level of plan regulation and control fully simulated market factors. Thus, the peasants are fairly content. Therefore, the new round of grain problems stems mostly from within agriculture and from the agricultural structure, i.e., the structure of agriculture does not meet the needs of the market system and modernization of the national economy. The new grain problems are far more widespread and run far deeper than before. Clarification of the complexity and difficulty of these problems can help zero in on the next step in grain policy reform.

2. Sticking Points in Reform

(1) How To Avoid an Outflow of Grain Resources During the Middle Stage of Industrialization

In China, where the rural villages can provide an endless supply of manpower, land and money are the main factors affecting grain production. Six of the indicators in the Qiannali and Saierkun 10 indicator system for estimating China's level of economic development, namely savings, investment, private consumption, industrial structure, primary products and industrial manufactures trade, and health indicators reach or exceed a per capita GNP of \$1,000. When they enter the zone between \$800 and \$2,000, economic growth incontestably is in the middle stage of industrialization.

Our analysis of five industrialized countries during this stage, namely, the United States, the UK, France, Germany, and Japan, shows that during industrialization, agriculture (mostly grain) exhibited a trend toward stagnation or even contraction in every case. Nor can China easily escape this trend completely. However, China's situation suggests that it has to strive to avoid this trend to a very great extent. This is because, first, China's population is too large and its grain consumption too great to make up a shortfall easily through international market imports. Second, China's industrialization is possible only through the accumulations realized from the development of domestic agriculture. It has no resources abroad that it can use and, for various reasons, the importation of foreign capital is also very limited. Therefore, China cannot afford a stagnation, much less a contraction of grain production.

How can stagnation or contraction of grain production be avoided? For China, the optimum strategic choices are as follows: moderate slowing of the pace of industrialization while doing all possible to widen the opening to the outside world, pursuing a "shadow boxing" style development course of strengthening domestic agriculture to provide more accumulations of our own for the steady development of industry.

The problem lies in their source and how to hold fast to this course. Of course, this can be done only with help from the government and effective government intervention, and the Chinese Government faces three obstacles in doing this: One is the input-output ratio of state-owned industrial enterprises is too low; waste of resources is severe. Second, the government itself is the representative of assets owned by the whole people; thus, it is still responsible for maintaining and increasing the value of assets owned by the whole people. In their actual planning and distribution of assets, governments at all levels and government agencies concerned, consciously or unconsciously, favor others over agriculture. Third, the traditional interest structure is extremely well entrenched. By "collecting more" (taxes) or "giving less" (subsidization) to vested interests, government runs very great economic and even political risks.

In short, during the middle period of industrialization, China cannot afford stagnation of grain production; government must provide a fairly high level of protection. At the same time, government is hard put to do much in the way of protecting grain output. This contradiction is the first problem that reform of China's grain policy confronts.

(2) How To Raise the Grain Output Labor Productivity Rate

A Chinese peasant household has less than 0.6 hectares of land to farm. This is a classic small scale agricultural economy characterized by "small scale, high costs, and low returns." The competitiveness of agriculture on this scale cannot be mentioned even in the same day as the scores or hundreds of hectare agriculture of every farm in Europe and the United States. Someone in China estimated that at the present scale, if industries other than agriculture grow at an annual average 10 percent for the next several years (until 2000), and agricultural output grows at the same time, the percentage of the agricultural population declining to 45 percent, and with no increase at all in prices of industrial goods, in order for per capita earnings in agriculture and in industries other than agriculture to be equal, grain prices will have to increase nearly fivefold (even higher than grain prices in Japan today). Obviously, this is not possible. Furthermore, the most fundamental problem

that expansion of the scale of grain farming encounters is where the surplus agricultural manpower, which currently numbers 120 million and will number nearly 200 million by the end of the present century, will go. The writer feels that the most fundamental reason for stagnation or slower increase in China's grain output will be passage beyond the "grain ration agriculture stage," in grain production in China (during which peasant household production will lack choices).

(3) How To Foster a Unified Grain Market Nationwide

In view of the vastness of China and its limited power, there is no choice but to stress a "regional balance" strategy for grain production, and a provincial governor responsibility system. Although the "provincial governor responsibility system" requirement for "each jurisdiction to seek balance" is not the same as "self-balance," "seeking balance" will very likely become "self-balance" for the following two reasons: Total grain supply and demand nationwide at present, and for a fairly long time to come, will be in close balance. Second, even though the fiscal contracting system has replaced the system of dividing tax revenues, the risk costs of local grain balance still must be borne largely by local treasuries (the grain risk fund that the central government has established for local jurisdictions provides only a small allowance). Of course, we also note that the "governor responsibility system" also forces some grain buying areas to invest in the building of their own production bases in grain producing areas, but this is limited only to grain buying areas in which the grain shortfall is very great. Furthermore, how to avoid embargoing by producing areas and their contentment with satisfying only their own needs remain unsolved problems.

(4) How To Build a Grain Farming Organizational System That Not Only Protects the Peasants' Interests, But Also Effectively Carries Out Government Macroeconomic Regulation and Control Plans

Internationally, nonprofit professional associations and cooperatives have been successful for the procurement and marketing of staple farm products like grain. Since such organizations are under the direct control of producers and serve them, and serve no independent departmental interests per se, they can effectively improve peasant households' ability to make their own decisions and their market competitiveness. In addition, since they serve no departmental interest, in addition to which they are fairly highly organized, this kind of organization can accept government macroeconomic regulation and control plans in a rational and regular way, and even exercise certain special operating rights. (For example, The Australian Wheat Board and Barley Board, which

are cooperative organizations in character, monopolize domestic and foreign grain dealings. They are efficient, and they effectively protect the farmers' interests). Consequently the peasant's interests ultimately gain maximum protection. Historically, there has been no shortage of peasant cooperative organizations in China. The problem is that such organizations later became official or semi-official commercial organizations. After many years reform, the flexibility of supply and marketing cooperative operations increased greatly, but problems concerning their mass character and the democratic character of management have never really been solved. Today, most of them are purely commercial business organizations that make their own operating decisions and are responsible for their own profits and losses, but they remain detached from the peasants' interests. Although state-owned grain enterprises are best able, in theory, to represent the government's will, actually, since they are enterprises of a profit making nature, the policy function they perform for the government in regulating markets is usually secondary to their business function of making as much profit as they can. This being the case, the stronger supply and marketing cooperatives, and state-owned enterprises are, the more seriously the interests of the peasants are exploited. Moreover, fostering new cooperative peasant organizations not only takes time, but such organizations are also likely to encounter opposition and unfair competition from traditional organizations. In 1994, the Chinese Government made supply and marketing cooperatives independent of the government, setting up a nationwide supply and marketing cooperative agency, but this still did not solve the "hand raising" mechanism problem (in which each level democratically elects the supply and marketing cooperative director). In 1995, the Chinese Government further decided to institute a "two lines" operating mechanism for state-owned grain enterprises (meaning a separation of policy functions and business functions), but numerous difficulties remain in how to truly separate the two functions. One such difficulty is that, conditions being what they are in China (lack of state-owned enterprise norms, undeveloped credit relationships, and difficulty supervising enterprises), it was inadvisable for the government to adopt mostly an "agent system" to regulate and control grain markets. It should mostly adopt the establishment of legally prescribed government regulation and control organizations that have no profit motive, that have a system of their own, and that are officially or semi-officially run. However, reform of the existing "two lines" operating mechanism did not set up a policy and organizational system consistent with the above requirements. Another difficulty is how to deal with the several billion yuan renminbi grain sale "suspense accounts" that the traditional system produced. This re-

mains a thorny problem that may well continue into the next century.

It should be noted that ability to construct an independent government grain regulation and control organization has a direct bearing on whether China's grain procurement and marketing system can really be made a part of the market economy. This is because the key to the Chinese Government's direct fixed procurement of 50 billion kilograms of grain from the peasants instead of limiting fixed procurement only to special reserve grain (equivalent to a buffer reserve internationally) lies in whether the amount of reserve grain that the government calls for is a firm figure, or whether the amount can be adjusted without arousing concern. (Actually, the government needs to control only approximately 25 billion kilograms of grain a year as a special reserve for use in regulating the grain market. This point is discussed later.) The problem of whether the figure can be adjusted without concern clearly stems from the government's lack of a truly reliable rational regulation and control organization. Clearly reform of the state-owned grain enterprise "two lines" operating mechanism has far reaching significance.

(5) How To Deal With the Impact on Grain Markets of China's Entry Into the World Trade Organization [WTO]

China entered the "high priced agriculture" stage long ago. Statistics for the first half of 1995 show that domestic market prices of virtually all kinds of grain are already higher than the international market price by an average of between 30 and 50 percent. The excessively small scale of production is clearly the reason. After entering the WTO, China will certainly allocate a certain grain market share to foreign countries. No doubt, however, this share will also be limited. How to set the proportion in accordance with WTO regulations to allow a profit for foreign countries while simultaneously protecting rationally and legally the rights of China's small and weak grain producers is a rather complex strategic matter requiring solution.

3. Reform Goals

Here the writer mostly provides some thoughts about mid-term (around 2000) reform of the grain procurement and marketing system for which reform is most difficult. There are three stages:

(1) Government Protection of Fixed Grain Procurement at 50 Billion Kilograms, Gradually Raising the Fixed Procurement Price

The advantages of this methods are as follows: The government can get control over a substantial amount of

grain, and if the price is fair, the peasants can make a direct and rapid profit. The problems are: (1) Ownership rights to fixed procurement grain are not clear, and this leads to a large amount of "lease seeking" for farming. Even though the government has made clear that the central government has ownership rights to fixed procurement grain, and that local government have use rights, just who ultimately assumes responsibility for paying the risks costs for this grain remains unclear. Although the government sets the price for this grain, by rights the national treasury should be completely responsible should market risks occur (including payment of business costs and interest). The government has largely rid itself of this burden since 1993. Although state-owned grain enterprises have replaced the government to a considerable extent in assuming market risks for fixed grain procurement, they also do all possible to obtain reimbursement. For example, they sell a substantial amount of fixed procurement grain at a high price to individual and private operators. This explains why it is that although state-owned grain enterprises control an overwhelming amount of market grain, an overwhelming amount of the grain that consumers consume comes from individual and private operators. As another example, most of the country's large and medium size cities have revived the use of ration books and ration coupons, but some residents frequently do not buy the restricted price grain to which they are entitled, or they do not like the restricted price grain, so illegal dealings in ration books (or coupons) occur. In this process, both consumers and private grain dealers make a profit, but government-owned grain shops lose. Fixed procurement grain is sold as negotiated price grain, and a local fiscal subsidy can be obtained. (2) In most cases, the fixed procurement price of grain is usually much lower than the market price. Consequently, the peasants feel cheated. Government costs in supervising the procurement of fixed procurement grain are also fairly high, so this frequently leads to the closing of grain markets, which pushes the market price of grain to abnormal heights. (3) Keeping the current fixed procurement figure constant results in a constant fairly heavy fixed procurement quota for peasants in existing commodity grain growing areas. This makes it difficult to increase their income by readjusting the agricultural structure.

Therefore, this idea may be a policy choice in which the disadvantages outweigh the advantages that should gradually be reformed, or even abandoned.

(2) Raise the Agricultural Tax Rate and Collect It in Kind, Simultaneously Abolishing Fixed Contract Procurement of Grain

Opinions differ about the specific amount by which the agricultural tax should be increased, but mostly the

range is between 25 billion to 50 billion kilograms. (It is currently 11.1 kilograms). The advantages of this proposal are as follows: (1) the state can obtain a substantial amount of grain regularly and without paying for it; (2) the exchange relationship between government and the peasants would be greatly simplified, a great saving of supervision costs realized. The problems are: (1) the peasants tax burdens will increase (with the cancellation of fixed procurement, the peasants will not necessarily obtain a commensurate benefit from deregulation of grain prices); (2) once set, the amount of tax to be paid cannot be readily changed regularly. However, fluctuations in grain output from one year to another are substantial, but the government cannot readily regulate these fluctuations through taxation; (3) collection of taxes in kind is detrimental to peasant readjustment and optimization of the agricultural structure in some areas.

The above ideas form a plan for future reform of the grain procurement and marketing system that offer choices, but if this plan is selected, it is recommended that the agricultural tax be set at 25 billion kilograms (an amount equal to the present special grain reserve).

(3) Government Controlling Only the Inflow and Outflow of Special Reserve Grain for Market Regulation, Procurement, and Marketing of All the Remainder Being Deregulated

China's special grain reserve is maintained at between 25 billion and 40 billion kilograms. This is a very large reserve. The writer feels that maintenance of a grain reserve of between 20 billion and 25 billion kilograms is enough. This is because, first, the approximately 300 million tons of grain that China's 900 million peasants consume peasant households keep on hand for their own use. The government does not need to provide a reserve for them. Second, in most grain producing areas of the country, two, or even three, crops are grown each year, so any grain shortage lasts for only half a year at most. Third, in the more than 40 years since founding of the people's republic, the normal fluctuation in average grain output has usually been no more than between 10 billion and 15 billion kilograms. Fourth, for many years the net grain shortfall among China's provinces has generally been no more than 15 billion kilograms. Fifth, the "buffer reserve" that the UN Food and Agriculture Organization deems correct for a country is 5 percent. In China, this translates into approximately 22.5 billion kilograms of grain. However, in view of the vast size of China, and the extreme unevenness in supply and demand for grain between one region and another, as well as the embargoing between regions that sometimes occurs, the special reserve might be moderately increased to around 25 billion kilograms. Inasmuch as there is an inflow and

an outflow, recycling and turnover of the reserve, the amount of grain that the government purchases in net intake years should be much less than the size of the special reserve, the amount to be set on the basis of the harvest each year. Even 10 billion jin would be several times less than the present 50 billion kilogram fixed procurement. The question is whether the government can regulate the grain market solely by taking in and releasing special reserve grain. This depends on whether the government has an established, strong, and reliable reserve regulation and control organization. If it has, a special reserve of between 20 billion and 25 billion jin is not bloated, and it can be brought into play extremely quickly and effectively. Of this there is no doubt at all. Today, and for a fairly long time to come, the government will be able to deal with any grain market fluctuations. Conversely, if the government does not have, or does not have a soundly build system of this kind, this idea holds a certain amount of risk. Therefore,

an essential precondition for this plan is that along with the transformation of government-owned grain enterprises, the government must build an independent and complete grain reserve regulation system as quickly as possible.

Under this idea, the collection of the agricultural tax in kind may be looked at in two ways: One is maintaining the present amount without change, grain collected in payment of taxes transferred to the special reserve (more grain being purchased during in-take years), or to a strategic reserve. The other is to reform the existing agricultural tax system, abolish the agricultural tax, and collect a land tax and a products tax (or value added tax) instead.

The writer favors the third idea over the second idea above.

East Region**PRC: Jiangsu 'Cooperating' in International Scientific Endeavors***OW0603134396 Beijing XINHUA in English
0823 GMT 6 Mar 96*

[FBIS Transcribed Text] Nanjing, March 6 (XINHUA) — East China's Jiangsu Province has cooperated with more than 30 countries and regions in scientific development by the end of last year, and promoted its international economic cooperation.

The province is now cooperating with expert organizations in over a dozen countries and runs more than 100 training classes, scientific exhibitions and other kinds of scientific exchanges overseas each year.

The province has carried out projects in hi-tech fields such as software engineering, mobile satellite telecommunications and superconductors with the State of New York in the U.S. and the Province of Ontario in Canada.

Already some projects covering electronic information, biological techniques, new energy and environmental and other fields have already started.

The provincial Science and Technology Committee has sent scientific observation teams to Brazil, Peru, Mexico, Argentina, Ecuador and other South American countries, and has signed scientific cooperation contracts with those countries.

The province has also increased scientific and economic cooperation with the United States, Canada, Australia, Brazil, Pakistan and other countries by setting up technological export and import organizations in those countries.

In 1995 the export and import volume of hi-tech development zones in Nanjing, Wuxi, Suzhou, Yixing, Changzhou and other cities topped 425 million U.S. dollars-worth, more than two-thirds of which was earned from exports.

PRC: Hong Kong Top Investor in Pudong New Zone*OW0603000696 Beijing ZHONGGUO XINWEN SHE
in English 0146 GMT 5 Mar 96*

[FBIS Transcribed Text] Shanghai, March 5 (CNS) — At the end of January 1996, Hong Kong ranked first in terms of foreign investment in Shanghai's Pudong New Zone. Hong Kong has topped the foreign investment list for the past five years, according to officials from the Zone's Economic and trade Bureau.

Investment from Hong Kong in 1,675 projects in the Zone totalled US\$ 7.668 billion, of which contracted foreign capital amounted to US\$ 4.782 billion.

Of these projects invested by Hong Kong business entities, 1,050 were joint ventures with total investment of US\$ 4.705 billion, of which contracted US\$ 2.525 billion were from Hong Kong.

Co-operative projects numbered 91 with investment of US\$ 1.59 billion, of which US\$ 666 million were injected by Hong Kong investors.

Hong Kong businessmen wholly funded 523 projects with an injection of US\$ 1.422 billion. They agreed to pour US\$ 169 million into 11 incorporated enterprises in the Zone whose investment would total US\$ 4.81 billion.

Although Hong Kong investment presently takes the lead in the Pudong New Zone, investors from Japan, the US, South Korea and EU countries have been catching up and significantly increasing their presence since 1995.

PRC: Huang Ju, Others Address Shanghai Propaganda Meeting*OW0503153796 Shanghai JIEFANG RIBAO
in Chinese 15 Feb 96 p 1*

[Shanghai Holds a Propaganda Meeting to Bring the Political Advantages of Propaganda and Ideological Work into Full Play and to Promote the Building of Spiritual Civilization — Huang Ju Sets Five Requirements, and Chen Zhili Makes Arrangements for This Year's Work]

[FBIS Translated Text] Shanghai held a propaganda work meeting yesterday. At the meeting, Huang Ju, secretary of the municipal party committee, set five requirements for carrying out this year's tasks in propaganda and ideological work. He stressed: Party committees at various levels should bring the political advantages of the party's propaganda and ideological work into full play. They should greet the convening of the Sixth Plenary Session of the party's 14th Central Committee with outstanding achievements to be made in propaganda and ideological work and in the building of spiritual civilization and contribute to implementing Shanghai's grand trans-century blueprint.

Huang Ju then pointed out: The recent national conference of propaganda department directors profoundly expounded the special status and role of propaganda and ideological work in achieving great trans-century goals. That exposition is of immediate and long-term significance. We should do propaganda and ideological work according to Shanghai's actual conditions. First, to effectively do propaganda and ideological work at present, we should seize the opportune time to unify our thinking and understanding and clearly understand our

goals; with Deng Xiaoping's theory of building socialism with Chinese characteristics as the basic guidance, we should strive to carry out the tasks set by Comrade Jiang Zemin—"arming our people with scientific theories, guiding them with correct publicity, inculcating them with high ideals, and encouraging them with fine works of literature and art." We should continue to advance propaganda and ideological work and the building of spiritual civilization, and fulfill the glorious mission entrusted to us by history. Second, we should understand and effectively perform propaganda and ideological work from a political perspective. We should persist in having such work serve socialism, the people, and the work of the party and the country as a whole and be accountable to the party and the people. Third, we should be geared to the needs of the masses and be close to them; we should use the forms and contents which the masses like to see and hear to attract them to take part in propaganda and ideological work. We should strengthen the building of community spiritual civilization. We should, through investigation and study, build a spiritual civilization suited to the conditions of the socialist market economy and reflecting Shanghai's characteristics. We should build such a spiritual civilization for the sake of the people. Fourth, we should adhere to the orientation of "serving socialism and the people" and the policy of "letting a hundred flowers blossom and a hundred schools of thought contend"; we should strive to achieve dialectical unity in the ideological and artistic elements of art works, in promoting the main theme and diversified artistic styles; and in cultivating talented people and producing works of literature and art. We should properly handle social benefits and economic returns, make the cultural market proper, and strengthen its management. We should properly handle the relationship between the construction of hardware and software in cultural undertakings. We should present the people with the best nourishment for the mind in order to satisfy their increasing cultural needs. Fifth, we should effectively strengthen the party's leadership over propaganda and ideological work. We should adhere to the principle of grasping two links at the same time, the importance of which we should understand from what kind of Shanghai we are going to bring into the 21st century.

Huang Ju emphasized: Under the guidance of Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line and under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, we must unify our thinking, work as one, do a solid job, and, with high spirits and enthusiasm, take the initiative in making ever greater achievements in building Shanghai's material and spiritual civilizations.

At the meeting, Chen Zhili, deputy secretary of the municipal party committee, reviewed the situation in Shanghai's propaganda and ideological work and made arrangements for this work for 1996. She said: In performing propaganda and ideological work in Shanghai last year, we have persistently guided ourselves with Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line and subordinated this work to and had it serve the central task of economic construction and the work of the party and the country as a whole. Keeping in mind the fulfillment of the targets and tasks in Shanghai's Eighth Five-Year Plan, we have emphasized key points and actual results, making certain there are achievements. Chen Zhili stressed: We should conscientiously implement the guidelines laid down at the national conference of propaganda department directors and further arm the whole party with Deng Xiaoping's theory of building socialism with Chinese characteristics and guide our work and educate the people with this theory. We should follow the correct orientation of public opinion and encourage the broad masses to strive for the realization of transcentury goals. We should continue to conduct extensive education in patriotism, collectivism, and socialism. We should step up our efforts to carry out ideological and moral education in order to raise the ideological, moral, and cultural quality of the people in the municipality. We should strengthen our efforts to build a community spiritual civilization and encourage people in the city to be more courteous. We should produce more fine works of literature and art and promote the thriving of cultural undertakings. We should do a good job in studies and investigations and in building the cadre ranks. We should do a solid job in preparation for the convening of the Sixth Plenary Session of the party's 14th Central Committee.

Jin Binghua, standing committee member and propaganda department director of the municipal party committee, made a report on the guidelines laid down at the national conference of propaganda department directors. Vice Mayor Gong Xueping attended the meeting. Also present were around 1,000 individuals—leaders of various municipal commissions, offices, districts, counties, bureaus, institutions of higher learning, and scientific research institutes.

PRC: Zhejiang Takes Measures on Women's Skills, Literacy

OW0603115296 Beijing XINHUA in English
1110 GMT 6 Mar 96

[FBI Transcribed Text] Hangzhou, March 6 (XINHUA) — East China's Zhejiang Province has taken a

series of measures to improve women's quality and protect their legal rights.

According to the local women's federation, while preparing for the UN Fourth World Conference on Women (FWCW) held in China last year, the local government worked out a plan to help females enjoy equal rights with males in the fields of employment, health care, education and development.

Training courses were offered to women cadres, in a bid to improve their arts of leadership.

Official sources said that the province now has 325,000 women cadres, amounting to 32 percent of the total in the region.

The local government and the local women's federation jointly opened training classes for these women cadres to help them study theory and practice, and exchange experiences.

Their abilities have been improved, and some of them have been promoted to more important positions of leadership.

A total of seven million rural women were involved in a program to study culture and technology to contribute more to the society.

And more than 200,000 women in the province have become literate after training.

The local government has set up various types of professional training courses. A total of 2.4 million women have been involved and more than half of them have mastered one or two practical skills.

A large number of outstanding women cadres, scientists and experts have emerged in recent years.

Shen Zhiqun, a woman teacher at Zhejiang University, made outstanding contributions to research and teaching in the field of high polymer study.

She was selected one of the top ten outstanding women in the province, and was chosen as an academician by the Chinese Academy of Sciences.

The number of career women is increasing rapidly, while women are playing more important roles in social progress and economic development in the region.

PRC: Ningbo City Elects Zhang Weiwen New Mayor

*OW0503152696 Beijing XINHUA in English
1237 GMT 5 Mar 96*

[FBIS Transcribed Text] Ningbo, March 5 (XINHUA) — Zhang Weiwen was elected today as the mayor of Ningbo City in East China's Zhejiang Province at a

meeting of the city's people's congress, the de facto legislature.

Zhang, 53, a graduate from Nanjing Polytechnic College, had been the port city's Communist Party Committee deputy secretary, executive deputy mayor and acting mayor.

Zhang has a wide experience in power industry management as well as a unique understanding of port and port-related industry management.

Central-South Region

PRC: Governor on Guangdong's Plans To Increase GDP

*OW0503011996 Beijing XINHUA in English
1557 GMT 4 Mar 96*

[FBIS Transcribed Text] Beijing, March 4 (XINHUA) — South China's Guangdong Province is expected to increase its 1980 GDP eight folds by the end of the century and to realize modernization by the year 2010, said Lu Ruihua, governor of the province.

The province will concentrate on effecting a shift in its economic structure and economic growth mode.

"This way, it is possible for Guangdong to maintain an annual growth rate of 12.9 percent from 1991 to 2010," he said.

By the year 2010, the province is expected to have a GDP of 1,600 billion yuan, or 20,000 yuan per capita.

The newly-appointed governor promised to pay special attention to promoting ethnical and cultural progresses and combatting corruption while accelerating economic development.

Lu said Guangdong will promote bilateral economic development between Guangdong and poor regions in interior China under the unified leadership of the central government and help central and western regions achieve prosperity.

On cooperation between Hong Kong and Guangdong, the governor said China's resumption of sovereignty over Hong Kong in 1997 will enable Guangdong to forge closer ties with Hong Kong and more funds are expected to come into Guangdong from Hong Kong as the two sides supplement and complement each other, he said.

PRC: Thermal Power Plant Gets Go Ahead in East Guangdong

OW0603090696 Beijing ZHONGGUO XINWEN SHE
in English 0538 GMT 5 Mar 96

[FBIS Transcribed Text] Guangzhou, March 5 (CNS) — The State Planning Commission has sanctioned the construction of a 5 million kilowatt thermal power generation plant project in the city of Shanwei in the east of Guangdong.

One local government official said that phase one of the development will cost RMB [Renminbi] 20.5 billion over a three-year construction period; the phase one capacity of the power plant will be 2.52 million kilowatts. Upon its completion, it will solve the serious power shortages that plague east Guangdong and will improve the investment environment.

Investors from the USA and Indonesia are interested in the project and made several visits to discuss future co-operation prospects with the local government. The projects is expected to promote the construction of a number of infrastructural facilities including a deep-water port, railway, airport, waterfront highway, energy and telecommunications projects.

Shanwei is a busy trading port close to Hong Kong and Macao. It has daily ferry services to Hong Kong as well as an office. With a handling capacity of 400,000 tonnes, the port of Shanwei is well-equipped and among the most efficient ports of east Guangdong.

PRC: Guangdong Per Capita Income Increases

OW0603090996 Beijing ZHONGGUO XINWEN SHE
in English 0538 GMT 5 Mar 96

[FBIS Transcribed Text] Guangzhou, March 5 (CNS) — The "1995 National Economic and Social Development Statistics Communique of Guangdong Statistical Bureau" issued today shows that last year the per capita income in urban Guangdong Province was RMB [Renminbi] 6,849, a rise of 16.5 percent (3 percent in real terms when taking inflation into consideration). Rural incomes rose by 6.5 percent in real terms to RMB 2,699, 23.7 percent up in gross terms.

Urban living conditions improved. Last year, completed urban housing covered 31.8694 million square metres; in villages, 35.8195 million square metres were built upon.

At present, Guangdong has over 1,500 employment agencies. Last year, the number of people employed in the urban areas increased by 437,000. The provincial labour force totalled 8.848 million, up by 49,600. The number of workers in private enterprises and self-

employed urban labourers reached 2.0597 million, an increase of 315,000. The number of workers in township enterprises increased by 834,000 to 11 million. In the countryside, the number workers in private enterprises and self-employed labourers increased by 124,000 to 1.69 million. At the end of last year, the unemployment rate was 2.09 percent with 240,000 being unemployed.

PRC: Guangdong Governor on Crackdown on Illegal Fees

OW0503122296 Beijing XINHUA in English
0658 GMT 5 Mar 96

[FBIS Transcribed Text] Guangzhou, March 5 (XINHUA) — South China's Guangdong Province, a leader in China's reforms and opening-up, is set to intensify its crackdown on arbitrary quotas and service charges this year, according to a senior provincial official.

Lu Ruihua, governor of the province, made the remarks at the recent Sixth Plenary Session of the provincial Commission for Discipline Inspection.

In the governor's words, "Collection of illicit fees, which endangers the investment environment of the province, should be effectively curbed within the year, in a move to ensure a sustained and healthy development of the province's economy."

"Governments at all levels," he added, "should acknowledge that the effective control of arbitrary quotas and service charges is of great importance and officials will be held responsible for things that result from their neglecting their duties."

Lu also noted that the province is to set up complaint boxes and complaint lines, in an attempt to strengthen the control.

PRC: Officials Report on Growth of Guangxi's Economy

OW0703211396 Beijing XINHUA in English
0804 GMT 7 Mar 96

[FBIS Transcribed Text] Nanning, March 7 (XINHUA) — The Guangxi Zhuang Autonomous Region in south China is catching up with economically booming provinces.

The regional gross domestic product (GDP) went up at an average annual rate of 16.9 percent during the 1991-1995 period, rising from 20th place in the country to 15th place, and its per capita GDP jumped from 29th place to 15th place, according to local officials.

The multi-ethnic region is located in south China's karst area, with adverse natural conditions.

Encouraged by the country's overall fast-growing economy, Guangxi has speeded up the construction of industrial enterprises and infrastructure, and engaged in comprehensive agricultural development.

In the past five years 60 percent of the region's construction funds were poured into infrastructure and basic industries. A number of group companies were formed.

Meanwhile, it scored an average annual increase of 9.6 percent in agriculture, higher than the country's average.

In addition, Guangxi has given top priority to the development of such sectors as sub-tropical fruits, building materials, machinery and aquatic products.

The region turned out 2.1 million tons of cane sugar and 2.45 million tons of sub-tropical fruits such as lychee and longan in 1995.

The region's Liuzhou Cement Factory, the largest of its kind in China, produced 19.66 million tons of cement last year.

PRC: Guangxi Cited as Major Nonferrous Metals Producer

*OW0603115196 Beijing XINHUA in English
1105 GMT 6 Mar 96*

[FBIS Transcribed Text] Nanning, March 6 (XINHUA) — South China's Guangxi Zhuang Autonomous Region is able to turn out 200,000 tons of copper, lead, zinc, nickel, aluminum, magnesium, titanium, antimony, tin, and mercury annually, with a total output value surpassing three billion yuan.

The region has emerged as a national major nonferrous metals producer, with 101 kinds of mineral resources.

In recent years the region put more efforts into deep processing of aluminum, tin, antimony and zinc, and raised money through many channels to set up a group of key enterprises which boast a series of new technologies in ore mining, dressing, smelting and processing.

In 1994 the region ranked second in the country in the output of nonferrous metals.

Thanks to the government's support, the Dachang Mining Industry Bureau has become the nation's biggest tin producer, capable of mining and dressing two million tons of ore, and smelting 16,000 tons of fine tin and 3,000 tons of lead and antimony annually.

The bureau is expected to become a large group company by the year 2000, with annual total industrial output value exceeding three billion yuan.

The Pingguo Aluminum Company, China's largest aluminum base, has completed its first phase of construction, involving more than four billion yuan in investment.

Importing technologies and equipment from about ten developed countries, Pingguo is expected to have an annual production capacity of 1.2 million tons of alumina oxide, 500,000 tons of electrolytic aluminum, 2.5 million tons of fine aluminum ore, and 300,000 tons of aluminum products after completing its all construction plans.

PRC: New Guangxi Laws Support Economic Development

*OW0603134596 Beijing XINHUA in English
1222 GMT 6 Mar 96*

[FBIS Transcribed Text] Nanning, March 6 (XINHUA) — The local people's congress in south China's Guangxi Zhuang Autonomous Region has examined and approved 24 local laws and regulations in 1995, in a bid to provide a legal guarantee for the region's economic development.

These regulations, governing construction, transportation, technology, security, and management of real estate, were worked out to meet the needs of the socialist market economy in the region.

During the examining of draft laws and regulations, the congress provided equal status for various enterprises, and cut out superfluous administrative interference and trade protection.

They localized certain principles of the state laws and regulations so that they are easy to perform and are worked out in accordance with the actual situation in the region.

Such is the case with regulations on relief funds, technology markets and people's courts, which have all been worked out to meet the needs of the region although there were no corresponding state laws and regulations.

All articles on punishments included in these local laws and regulations are specified so that arbitrary implementation by administrative departments may be curbed.

**PRC: Henan Commentary on Deepening
Anticorruption Struggle**

**SK0603055096 Zhengzhou Henan People's Radio
Network in Mandarin 2300 GMT 1 Mar 96**

[Station commentary: "Realistically Strengthen Leadership and Deepen the Struggle Against Corruption"]

[FBI Translated Excerpt] The Second Plenary Session of the Provincial Discipline Inspection Commission made overall arrangements for the 1996 anticorruption work. Now, (policies) have been defined and tasks have been [words indistinct]. To fulfill the set objectives and to promote in depth and in breadth the development of the anticorruption struggle, the party as a whole should mobilize, strengthen leadership and supervision, and firmly attend to the fulfillment of all anticorruption tasks. [passage omitted]

Viewing the situation of our province, we know that some leading comrades do not fully understand the importance and urgency of the anticorruption struggle and think that the struggle against corruption conflicts with economic development and social stability. The argument in favor of relaxing discipline to promote the development of the economy still finds support among the people. Practice has shown, however, that the anticorruption struggle cannot adversely affect economic development, but is instead a key condition and a key guarantee for reform, development, and stability. Therefore, each and every leading cadre should approach from the high plane of taking the overall situation into consideration in order to fully understand the importance of anticorruption and should unite his thinking with relevant policies and principles of the central authorities and the provincial party committee and the guidelines of the Second Plenary Session of the Provincial Discipline Inspection Commission so as to more effectively wage the anticorruption struggle.

To oppose corruption, we should strengthen organizational leadership. This is a requirement for party organizations at various levels as well as all leading cadres. Anticorruption is a great matter bearing on the fate of the party and the state as well as the overall situation. Leaders will be considered incompetent if they neither attend to this great matter nor take the overall situation into consideration. In carrying out the anticorruption work, leaders in some localities and some units only make arrangements but do not conduct investigations, while some only set demands but do not personally engage in the work. Such practices of paying attention only to formalism and acting in a perfunctory manner must be resolutely eliminated. According to the requirements of the central authorities and the provincial party committee, all localities and departments should further

implement and perfect a mechanism that leaders assume responsibility for the anticorruption work, strengthen organizational leadership, and promote in depth the anticorruption struggle.

To deepen the struggle, leading cadres at various levels should enhance the awareness of supervision and strengthen a mechanism of being restricted by supervision. Ignoring the right to supervision will certainly lead to corruption. The discipline inspection organs at various levels should actually exercise their supervisory functions entrusted by the party constitution; coordinate supervision within the party with that by the masses, mass media, and aspects; enable various levels to supervise one another; gradually form a powerful supervisory system; and eliminate and reduce negative and corrosive phenomena to the minimum.

**PRC: Henan Secretary on Example of Kaifeng
Industrial Reform**

**SK0503221096 Zhengzhou Henan People's Radio
Network in Mandarin 2300 GMT 2 Mar 96**

[FBI Translated Excerpt] Last June and December, Li Changchun, secretary of the provincial party committee, went to Kaifeng on two occasions to conduct investigations and studies. Recently, he presented an investigation report on the provincial party committee's project on resolving problems of urban areas. The report was titled: "Actually Resolve the Problems in Daily Life and Ensure Reemployment for Workers Beset with Difficulties." [words indistinct]

Comrade Li Changchun's investigation report states: Since Kaifeng City carried out the project of resolving problems for workers beset with difficulties several years ago, in the second half of last year in particular it has paid great attention to resolving problems with regard to daily life and worked to ensure re-employment for workers beset with difficulties, and has achieved great results. This has provided a valuable example for the whole province in doing the work in this area.

The report points out: Most state-owned enterprises in Kaifeng City were established in the 1950s and the 1960s based on handicraft industry and extensive management. Thus, their scale has been small, their equipment outdated, their technology backward, and their social insurance burdens heavy. A considerably large proportion of them have even fallen into dire straits because of their inability to keep pace with the sharp competition in the market. Over recent years, about one third of the budgetary industrial enterprises in the city have been operated at a loss, and many enterprises have been forced to stop production or operate under capacity. In 1994 alone, some 40,000 workers of state- and

collective-owned enterprises have been forced to take leave, accounting for about 12 percent of the total number of workers. Some enterprises have made it a routine to stop production and force their workers to take leave, and, as a result, their workers have had difficulties in their basic daily lives due to delays in wage payments. In the second half of last year, almost every week saw cases in which groups of workers of the enterprises that were forced to stop production or that were operated under capacity, applied for an audience with leaders of the city party committee and government to appeal for help. Given this situation, the city party committee and government has come to understand: The large number of enterprises forced to stop production or operate under capacity and the serious unemployment of workers will affect the overall situation of reform, development, and stability; if there is a failure to resolve these problems, it will be very hard to enhance the morale of cadres and to mobilize the enthusiasm of workers; and to accelerate development and change backwardness, the most fundamental thing is to [words indistinct]. Approaching these problems within the perspective of the general task of developing the socialist market economy, the city party committee and government put forward the guiding ideology of the three combinations. That is, the resolution of these problems should be combined with the deepening of reform, structural readjustment, the cultivation of key enterprises, and the establishment and perfection of the social security system, combined with the development of foreign-invested enterprises and individual and private enterprises and the cultivation of new economic growing points, and combined with the building of townships and cities and the invigoration of tertiary industry. Kaifeng City has conducted strategic reorganization among all its state-owned industrial enterprises and has organized six enterprise groups of a relatively large scale. Together with some other key

enterprises, these six enterprise groups have merged a number of slumping city-run state-owned industrial enterprises, thus reallocating 89 million yuan worth of fixed assets and re-employing 4,800 laid-off workers. This has not only laid a foundation for the rapid development of Kaifeng's industry and the entire economy, but also enlivened a number of slumping enterprises. In carrying out the project of resolving problems for enterprises plagued with difficulties, Kaifeng City has focused its efforts on deepening enterprise reform and stimulating the internal vitality of enterprises. On the one hand, it has given different guidance based on the different situations of the enterprises plagued with difficulties. On the other hand, it has urged enterprises to change mechanisms and increase their vitality, the most fundamental method. In combination with the establishment of the modern enterprise system, the city has implemented the shareholding system and the shareholding cooperative system and has, through leasing, created state- or collective-owned enterprises run by the people. [passage omitted]

**PRC: Hubei Procuratorate Awarded for
Apprehending Swindler**

*SK0503082896 Wuhan Hubei People's Radio Network
in Mandarin 1000 GMT 3 Mar 96*

[FBIS Translated Text] According to the HUBEI FAZHI BAO, the provincial procuratorate recently decided to give a collective first-rate merit citation to the Wuhan Procuratorate's Special Case Committee for successfully investigating, arresting, and suing Wu Hongda, a Chinese of American nationality, who had posed as a state official to swindle and bluff, and to steal, spy, and sell off the state's secrets and illegally provide them to foreign organizations.

PRC: XINHUA Comments on Peng Ming-min
OW0703164896 Beijing XINHUA Domestic Service
in Chinese 0930 GMT 7 Mar 96

[Commentary by Tai Hai (6733 3189): "A Two-Man Comic Show Presented by 'Undisguised Taiwan Independence' and 'Disguised Taiwan Independence' — Commenting on Peng Mingmin's Recent Words and Deeds"]

[FBIS Translated Text] Beijing, 7 Mar (XINHUA) — After the activities of changing the way to produce a leader on Taiwan began, Peng Mingmin [Peng Ming-min], candidate of the Democratic Progressive Party [DPP], abruptly raising his "Taiwan Independence" tone and began "finding fault with" [zhi ze 2172 6307] Li Denghui [Li Teng-hui]. Seeing that a majority of people on Taiwan are against "Taiwan Independence" and his chance of winning the election is very slim, this "Taiwan Independence Godfather" tried to abandon "Undisguised Taiwan Independence" in order to escort in [hu huang 6233 5300] "Disguised Taiwan Independence" in a bid to assist Li Denghui to once again dominate the political situation on the island.

Recently Peng Mingmin's opinions about "Taiwan Independence" had a strong smell of gunpowder. In addition, his actions in advocating "Taiwan Independence" fallacies became extremely rampant. On 23 February, he held a so-called "international press conference" in Taipei, arrogantly clamoring that "since 1949 Taiwan has been a state with independent sovereignty." He said if he was elected, he would "declare that Taiwan's sovereignty only covers Taiwan, Penghu, Jinmen, and Matsu." He also said if "Chinese communists resort to use force against Taiwan" he would "immediately declare Taiwan independent in a presidential candidate status." On 24 February, he issued a so-called "New Taiwan Self-Saving Declaration." On 25 February, he announced his "political opinions" on television, shouting that the current election "is a poll for deciding Taiwan's future — whether Taiwan would like to have an independent sovereignty or to be reunified with China — that is, a choice between Taiwan independence and its being incorporated." He also tried to frighten people on Taiwan by using threatening arguments such as — "If Taiwan would be reunified with China, the result would be even more horrible than the '28 February Incident.'"

Not long ago, Peng Mingmin still said that "Over the past four hundred years and more, Taiwan has been an independent state," and after he is elected "it will not be necessary to declare Taiwan independent and he will not do so." Now he said that, in this election, people will decide whether Taiwan will go "independent" or be "reunified" with China. He also said he

would "immediately declare Taiwan independent." In addition, he changed his old practice by openly "criticizing" [pi pan 2106 0445] Li Denghui. The reason for the change is this: On one hand, the numbers of votes for the DPP in the elections in recent two years continued to drop because a majority of people in Taiwan have deep doubts about "Taiwan Independence." Public opinion polls conducted in Taiwan showed that since Peng Mingmin declared to "run for the election," his supporting rate has never been higher than 10 percent. Winning the election will be even more difficult for him than climbing up the sky. On the other hand, in recent period, Li Denghui, a faithful follower of Peng Mingmin, was doubted by Taiwan residents for harboring a position of "false reunification and real independence" aiming at sabotaging cross-strait relations. He had no other choices except running around swearing that he will alleviate cross-strait relations. But he really had a hard time to convince the people. Under such circumstances, it is inevitable for Peng Mingmin to stand out and give Li Denghui a helping hand. But Peng Mingmin's approach was rather subtle. He tried to cover Li Denghui's "Disguised Taiwan Independence" by highlighting his "Undisguised Taiwan Independence," that is, through condemning and criticizing Li Denghui to persuade the people to believe that Li Denghui is for "reunification" and not for "Taiwan Independence." By using this method, Peng Mingmin tried to gain the supporting votes for Li Denghui by cheating the people. Peng Mingmin really had given careful thoughts to his plan and tried every possible way to assist this "fellow traveler" [dao you 6670 0645].

Similar to Li Denghui's case, what is hiding behind Peng Mingmin, an arrogant advocator of "Taiwan Independence," is the support from international anti-China elements. Coinciding with some of Li Denghui's opinions, Peng Mingmin said that if a war occurs in the Taiwan Straits, he will support foreign countries to "blockade the Taiwan Straits." He also said that "Taiwan should strengthen the psychological defense on the island and purchase advanced weapons as soon as possible. Taiwan should continue to seek an independent space internationally." But anyone who would like to become a card in the hands of international anti-China elements, betray the country for "independence," scarify the peace of the Taiwan Straits as well as the welfare of the Taiwan people, and tie up the Taiwan people on the "Taiwan Independence" war chariot will surely lead to self-destruction.

PRC: XINHUA English Reports on Peng Ming-min Commentary

OW0703161296 Beijing XINHUA in English
1444 GMT 7 Mar 96

[Peng Ming-min is Shielding Lee Teng-hui: Commentary — XINHUA headline]

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — Peng Ming-min is using his "Visible Independence of Taiwan" to allow for the survival of Li Teng-hui's "Invisible Independence of Taiwan", a signed commentary pointed out today.

The article, signed by XINHUA commentator Tai Hai, said that the "presidential candidate" of the "Democratic Progressive Party" is using the trick to help Li Teng-hui win the election.

The commentary pointed out that Peng has recently raised the tune to advocate the "Independence of Taiwan", saying if the island is reunified with the mainland, a terrible consequence will take place.

Unlike his previous tactics, Peng has even started to openly "criticize" Li Teng-hui, who has been criticized by the Taiwan people for taking a pro-independence stance to sabotage the relations across the Taiwan Straits.

This is because Peng has now realized that it is very difficult for him to win the forthcoming election. (A survey has shown that less than 10 percent of voters in Taiwan support Peng). Therefore, he has been forced "to give a hand to Li", the article noted.

The method he has adopted is to "speak ill of" Li, who outwardly advocates the "reunification of China." In this way, Peng is trying to make a clear distinction between him and Li, so that Taiwan people will believe Li is the right man to "promote the reunification of China", and Li may win more votes, as most Taiwan people do not support the "Independence of Taiwan", the article pointed out.

However, both Li and Peng are intent on "Taiwan independence" — the difference is that one uses "Visible Independence of Taiwan" and the other uses the "Invisible Independence of Taiwan", the article pointed out. Both men, the article continued, count on the support of foreign anti-China forces.

No matter who the person is, if he seeks the "Independence of Taiwan" at a cost of peace in the Taiwan Straits, as well as the happiness of the Taiwan people, he will take the road to his doom, the article concluded.

PRC: Farming Minister: Beijing Backs Exchanges With Taipei

OW0703201596 Beijing ZHONGGUO XINWEN SHE
in English 0356 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (CNS) — China is highly supportive of unofficial agricultural exchanges between Taiwan and the mainland. Such of co-operation will be in fact beneficial to both sides, Chinese Minister of Agriculture Liu Jiang said today.

Agricultural co-operation across the Straits is a main element in cross-strait relations. Since 1988, over 30 agricultural technology, economic and trading seminars have been held between the mainland led by Fujian and Hainan provinces and Taiwan. As a result, co-operation in plantations, animal husbandry and fisheries were enhanced.

Both sides had their respective strengths which if fully utilised would boost agricultural development on both sides of the straits. Asian Pacific Economic Co-operation seminars saw fisheries personnel from each side exchange ideas.

Mr. Liu said that it was a long held wish that bilateral import and export ties especially in agriculture, be expanded. Cross-strait exchanges should not be limited to agriculture but extend to more strategic issues.

Citing Li Teng-hui's concept of "helping and subsidizing the mainland through agriculture", Mr. Liu commented that 40 years of agricultural development in Mainland China had produced some of the world's most sophisticated agricultural technology which would be of undoubted use to Taiwan.

Equally, hard work on the part of agricultural workers and farmers in Taiwan had accumulated a wealth of agricultural technology and useful experience which could profitably be pooled for mutual benefit.

Mr. Liu concluded that firm resolve, determination and self reliance would help solve problems associated with agricultural development.

FBIS-CHI-96-047
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TAIWAN

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Taiwan: Missile Intelligence Obtained From U.S. Satellites

HKD803085996 Hong Kong PING KUO JIH PAO
in Chinese 8 Mar 96 p A1

["News from Taipei": "Taiwan Obtains Missile Information From U.S. Satellites But Has a Mere Seven Minutes To Respond"]

[PTS Translated Excerpt for FBIS] According to a reliable source, the Taiwan military can now have direct access to data provided by U.S. satellites, through which Taiwan can have a better understanding of the movements of China's military. However, with regard to the launching of China's surface-to-surface missiles, as Taiwan is estimated to have only seven minutes in which to respond, there is not enough time for Taiwan to react even if the United States provides satellite data, but at least it enables the Taiwan military to understand in advance the progress of China's missile exercises and other military movements.

On the question of whether Taiwan's Navy and Air Force will approach the test firing range [shi she fan wei 6107 1410 5400 0953] to observe the splash points when China test-fires missiles, the Taiwan military has tentatively believed there is a great possibility of this. Because the test-firing area [shi she qu 6107 1410 0575] is very near Taiwan and straddles the strait central line, it is very threatening.

To prevent the Chinese Navy and Air Force from launching an attack on Taiwan outside the splash points, the Taiwan military has also made a rough plan under which it will chiefly use the air force to take precautions against Chinese ships and aircraft crossing the strait central line and, if necessary, the possibility of taking the initiative to launch an attack cannot be ruled out. [passage omitted]

Taiwan: 'Appreciation' for U.S. Missile Protests Expressed

OWD803025196 Taipei CNA in English
0200 GMT 8 Mar 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, March 7 (CNA) — Foreign Affairs Ministry officials on Thursday [7 March] expressed appreciation to the Clinton administration for the protests it has filed with Beijing over the scheduled March 8-15 missile tests in waters near Taiwan.

In so acting, the officials pointed out, the Clinton administration has been more firm and clearer in its concerns about Beijing's military threat.

They stressed, however, that it is the government's most pressing task to curb any possible military conflict. Citing the late President Chiang Kai-shek's famous statement that "peace should by no means be given up until the last moment," the officials said the government is seeking to diffuse the cross-strait tensions through political and diplomatic approaches.

The remarks came following U.S. Defense Secretary William Perry's appearance at a public hearing of the U.S. Senate Armed Services Committee. Perry said Mainland China had made a "very bad mistake on their part to put the impact area so near to Taiwan."

The U.S. has already called in Mainland Chinese Ambassador Li Daoyu to express its concerns over the matter. U.S. Ambassador to Mainland China James Sasser also issued a protest [word indistinct] the missile tests to the Beijing regime.

Through the XINHUA NEWS AGENCY, Beijing announced on Tuesday that from March 8-15, the People's Liberation Army will conduct surface-to-surface missile tests in two areas near Taiwan.

One splash site will be 30-50 nautical miles west of the island at the south end of the narrow Taiwan Strait, which separates Taiwan from the mainland, while the second impact site will be 20-40 nautical miles off the northeast tip of Taiwan.

Taiwan: Leng: No Plans To Seek Foreign Aid Over PRC Drill

OWD803084096 Taipei China Broadcasting Corporation News Network in Mandarin
0500 GMT 8 Mar 96

[FBIS Translated Text] The Chinese Communists' military activities in the Asia-Pacific region have an effect on the economies of all countries in the region. On whether we should seek assistance from the Asia-Pacific Economic Cooperation [APEC] forum or the United Nations, Foreign Ministry spokesman Leng Jo-shui said that the government currently does not plan to do so.

[Begin Leng recording] APBC discusses economic issues. The matters it has discussed so far are economic issues. Therefore, we still do not plan to hold a meeting with APBC. If the matter is to be raised with the United Nations, we need to carefully assess the clauses to be employed, the channels through which we will proceed, and the effects on our country before we can make a decision. And we will not have a definite plan before we make such an assessment. [end recording]

On Canadian Minister Lloyd Axworthy's offer to serve as a mediator between the two sides of the Taiwan

Strait, Leong Jo-shui said: The Foreign Ministry cannot answer the question whether we need an international figure to serve as a mediator. Since this issue involves cross-strait relations, we can only make a decision after consideration of all factors by high-level government officials. The Foreign Ministry does not plan to make a decision, nor will it make a suggestion to the upper echelons of the government. However, if a foreign country makes a suggestion, the Foreign Ministry will refer it to the higher levels for instructions.

Taiwan: Canada Offers To Mediate Taipei-Beijing Dispute

OW0803091496 Taipei CNA in English
0853 GMT 8 Mar 96

[By C. Nhang]

[FBIS Transcribed Text] Ottawa, March 7 (CNA) — Canada offered today to help resolve the disputes between Taiwan and China as tensions between the two rivals have reached new heights.

Foreign Affairs Minister Lloyd Axworthy told the House of Commons that he had spoken to China's ambassador to Canada, Zhang Yijun, yesterday "to express Canada's concern about the missile testing."

Replying to a question of MP [member of parliament] Derek Li (Lib., Ontario), Axworthy said he also pressed upon the Chinese envoy that "Canada would offer any offices" to help resolve the disputes or the tensions in a very peaceful, open and conciliatory way.

Li told the house that China has taken a number of actions, including military exercises involving 150,000 troops, in an attempt to influence the outcome of Taiwanese elections.

"Given the need to maintain stability in this important economic region and Canada's act of international support of democratic process, can the minister tell the house the government's position on these events and what it will do to ensure that peace will prevail in this region?" The Toronto [words indistinct] asked.

In reply, Axworthy said Canada's position all along was that the best way to resolve these tensions is through "serious discussion, to adhere to the rules of law and to provide for any kind of international resolution."

"The last thing we need is a heightening of tension (?and) the use of any kind of military force," he added.

In Toronto, Canada's Secretary of State for Asia-Pacific Raymond Chan also expressed Canada's willingness to mediate between Taiwan and China.

Canada has vital interests in both Taiwan and China, in terms of trade and investment relations and human and cultural exchanges.

Taiwan: National Defense Spokesman Confirms Missiles Fired

OW0703224096 Taipei China Broadcasting Corporation News Network in Mandarin
2200 GMT 7 Mar 96

[From the "News" program]

[FBIS Translated Text] A military spokesman of the Ministry of National Defense has confirmed today [8 March] that the Chinese communists have fired two surface-to-surface missiles this morning. One missile landed in the target area about 44 nautical miles west of Kaohsiung, while the other landed in the target area east of Keelung. According to a preliminary analysis, the missiles are M-9 missiles developed and manufactured by the Chinese communists. The Ministry said as the Chinese communists will [words indistinct] continue their test-firing of missiles, the Nationalist Army is closely monitoring the movements of the Chinese Communist troops.

This news was officially announced after confirmation by the Ministry of National Defense.

According to the ministry, [largely unmonitorable passage on characteristics of M-9 missiles].

Taiwan: Further on Ministry Confirmation of Missile Tests

OW0803002396 Taipei China Broadcasting Corporation News Network in Mandarin
2300 GMT 7 Mar 96

[From the "Hookup" program]

[FBIS Translated Text] A military spokesman from the Ministry of National Defense confirmed that the Chinese Communists have fired two surface-to-surface missiles this morning. One missile landed in the target area about 44 nautical miles west of Kaohsiung, while the other landed in the target area east of Keelung. According to preliminary analysis, the missiles are M-9 missiles developed and manufactured by the Chinese Communists. The Ministry said as the Chinese Communists will [words indistinct] continue their test-firing of missiles, the Nationalist Army is closely monitoring the movements of the Chinese Communist troops.

News relating to the test-firing of missiles by the Chinese Communists will be announced at an appropriate time after confirmation, said the ministry.

According to the data compiled by the Ministry of Defense, M-9 missiles are capable of carrying high-explosive warheads, high-explosive incendiary warheads, armor-piercing warheads, shrapnel warheads, and telemetric warheads [yao ce dan], which are also known as dummy warheads [ya dan]. The ministry guessed that the two M-9 missiles of the Chinese Communists that landed in the target area about 44 nautical miles west of Kaohsiung and in the target area east of Keelung are telemetric warheads, or dummy warheads.

The Ministry of Defense said that this type of missiles carries navigational survey instruments which send signals back to earth.

The ministry refused to disclose when and where the two missiles were fired by the Chinese Communists this morning, citing security in collection of intelligence as the consideration.

However, the military spokesman stressed that the Ministry of Defense had been closely monitoring the missile test announced by the Chinese Communists, adding that if there is further information, the Ministry will take the initiative to announce related news promptly to the public under the principle that national security is not violated.

Taiwan: Defense Ministry Confirms Third Missile Firing

OW0803040196 Taipei China Broadcasting Corporation News Network in Mandarin
0200 GMT 8 Mar 96

[From the "News" program]

[FBIS Translated Text] [Announcer] The Chinese Communists fired two guided missiles this morning. We have just received the following news — a third missile has been confirmed to have landed in the sea area south of Kaohsiung. Now we are going to link up with Kaohsiung-based CBC reporter Li Chai-lung to ask him to tell us about the latest situation. Chai-lung:

[Li] Okay. Although the Ministry of National Defense has confirmed that the third missile fired by the Chinese Communists landed in an area off the coast of Kaohsiung, the Kaohsiung Harbor Administration's signal tower and other units concerned are still not aware of it and they are continuing their investigation. Therefore, as of now, the Taihua liner, a passenger ship between Kaohsiung and Penghu, is about to set sail for Penghu as scheduled. According to statistics compiled by company officials, the number of passengers planning to take the Taihua liner to Penghu has not decreased significantly. The situation is the same with regard to the Kinmen express liner and freighters. What has been affected is the

fishing industry because the sea areas affected by the Chinese Communists' missile tests are offshore waters where fishing boats from Kaohsiung City fish. Some fishing boats still have gone out in order to make a living, while others remain in the harbor. Moreover, the explosion of missiles will certainly destroy some undersea resources. Therefore, fishermen here are very indignant about the missile tests by the Chinese communists. Despite the tests, customs patrol boats have continued their duties at sea. Personnel on the boats have said that everything is calm within the area covered by their patrols, adding that they have not seen any Chinese Communist observation ships in the area, only some domestic ships from Taiwan.

[Announcer] Oh, you just said that this missile has been fired by the Chinese Communists, but people on our side still do not know about it and that it has not yet been confirmed.

[Li] Yes, although the Kaohsiung Harbor Administration has conducted an investigation, it cannot confirm that the missile landed in an area off the coast of Kaohsiung City.

Taiwan: Shanxi, Fujian Bases 'Responsible' for Exercise

OW0803063296 Taipei China Broadcasting Corporation News Network in Mandarin
0430 GMT 8 Mar 96

[From the "Hookup" program]

[FBIS Translated Text] According to reliable sources, missile exercises were carried out by the Chinese Communists near Taiwan early this morning, and the Communist side was surprised at the ROC's ability to quickly monitor the incoming missiles. Beginning early this morning, the armed forces of the Chinese Communists began missile exercises in the target areas near both the northern and southern parts of Taiwan Island. As of noon three missiles were launched. According to reliable evidence, one of the missiles was launched from Fujian. The sources did not disclose the exact target spot of the missile launched from Fujian.

It is learned that the Chinese Communists launched their second missile at 0120 [1720 GMT 7 March] local time. The ROC Defense Ministry released news about the missile at 0125 local time. The Communists were surprised at our ability in rapidly monitoring their missiles. The sources pointed out that after the ROC armed forces acquired U.S.-made AWACS [airborne warning and control system] planes, the Chinese Communists were interested in the actual functions of the planes, and the current missile tests might be aimed at testing this side's response capacity.

[Taipei China Broadcasting Corporation News Network in Mandarin at 0500 GMT adds the following related material: "The sources said that the Chinese Communists deployed its Second Artillery troops in Shaanxi and Fujian Provinces, and that the two bases were responsible for the missile exercises. In principle, the trajectory of the missiles will not pass over Taiwan. The Communists leaders are aware that Li Teng-hui will win the election and the exercises will increase the votes won by Mr. Li, but they will still give the warnings to Taiwan and will not really use force against Taiwan.")]

Taiwan: Mainland Affairs Council Denounces PRC Missile Tests

OW0803070596 Taipei China Broadcasting Corporation News Network in Mandarin
0500 GMT 8 Mar 96

[From the "News" program]

[FBIS Transcribed Text] In response to the Chinese Communists' missile tests, which began today, the Mainland Affairs Council [MAC] under the Executive Yuan has issued a solemn statement denouncing the Chinese Communists for carrying out missile tests while ignoring strong protests by our government and people, as well as serious concerns from the international community. The statement said that the Chinese Communist authorities shall bear responsibility for all consequences arising from this. Following is a report by Huang Hsin-ching:

[Begin recording] [Huang] In response to the Chinese Communists' missile tests, the MAC held a news conference at noon today at which spokesman Kao Kung-lien issued a solemn statement. The MAC pointed out that it once again lodged a solemn protest against and expressed its denunciation of the irresponsible move by the Chinese Communists, adding that the Chinese Communist authorities shall be held responsible for all serious consequences arising from this.

The MAC also pointed out that it is obvious that the Chinese Communists hope to achieve their political aims by exerting pressure on our country by launching a missile firing in an attempt to affect [words indistinct] in our society and the progress of the presidential elections. This has seriously damaged cross-strait relations. Kao Kung-lien said:

[Kao] The Chinese Communists' crude intimidation and provocation aimed at obstructing the development of our constitutional reform and the progress of the elections for president, vice president, and deputies to the National Assembly have not only aroused the strong indignation of the people in the Taiwan area against them, but have also seriously damaged relations between

the two sides of the strait and made it more difficult for national reunification. At the same time, their moves have further posed a threat to peace and stability in the Asia-Pacific area. [end recording]

In the statement, the MAC also pointed out that our side has completed all preparations to cope with the Chinese Communists' military exercises. The National Army has completed deployment and preparations to face their provocations and armed invasion.

Taiwan: Li Asks Taiwan To 'Stand United' Against PRC Threat

OW0803013296 Taipei CNA in English
0118 GMT 8 Mar 96

[By Sofia Lu]

[FBIS transcribed Text] Taipei, March 7 (CNA) — President Lie Teng-hui on Thursday [7 march] again urged Taiwan residents to remain calm and stand united in the face of Beijing's military threat.

Li's call came one day before Mainland China begins a new round of surface-to-surface missile tests perilously close to Taiwan — an apparent attempt to influence Taiwan's first-ever direct presidential election.

"The March 8-15 missile tests are intended to see if we have courage or not," Li told supporters at a rally in the northeastern city of Nanjing, where he was campaigning for the March 23 presidential election. "We should unify and show Communist Chinese leaders that Taiwan won't bow to military intimidation."

Li said people should not be afraid of the missiles the People's Liberation Army will fire into two sea areas just off Taiwan's coast, because the missiles will not carry warheads.

Li said the upcoming presidential election will be a historic event in Chinese history. "We must carry it out smoothly, as the whole world is watching its proceeding," Li said, adding that the ROC [Republic of China] Government's determination to promote democracy will not be imperiled by Beijing's saber-rattling.

Li said he hopes Mainland China could follow Taiwan in implementing democracy to pave the way for eventual peaceful reunification of the two sides of the Taiwan strait.

Taiwan: Premier Calls PRC Missile Drill 'Irresponsible'

OW0803103496 Hong Kong AFP in English
1006 GMT 8 Mar 96

[FBIS Transcribed Text] Taipei, March 8 (AP) — Taiwanese Premier Lien Chan on Friday [8 March] at-

tacked China's ongoing missile-firing drill at the island's doorstep as "irresponsible" military provocation.

Lien called for calm and national unity to "crush China's plot" at a campaign rally of some 1,000 reserve officers at the southern naval base of Tsoying.

As the Chinese missile exercises fuelled tension across the Taiwan Strait, Lien said Taiwan still wanted peaceful exchanges beneficial to both sides instead of confrontation.

Lien is running mate to President Li Teng-hui for the March 23 presidential elections.

"The military provocation is against the well-being of all Chinese people," Lien said. "Beijing should be condemned by the world community for the irresponsible move which is against the world trend."

China should "bear all consequences of the military threats," he added.

China fired three M-9 surface-to-surface missiles carrying dummy warheads into two zones near Taiwan Friday. It is the fourth round of major maneuvers near the nationalist island since July.

One missile fell into a zone off the northern port of Keelung, two others hit a target area near the southern port of Kaohsiung.

The authorities had worked out measures to deal with military, finance, economy, fishery and air and sea transport problems as a result of the missile-firing, Lien said.

Taiwan: Premier Lien Regrets Beijing's Missile Tests

OW0803100296 Taipei CNA in English
0943 GMT 8 Mar 96

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, March 8 (CNA) — Premier Lien Chan said Friday (8 March) that Beijing should take full responsibility for the consequences of the missile test off Taiwan's coast.

As of this morning, Beijing has fired three missiles, two landed in waters west of Taiwan's southern port of Kaohsiung and one hit the target area in waters east of Taiwan's northern port of Keelung.

Lien called Beijing's military exercises "[word indistinct]," and not in tune with world trend. He appealed for negotiation, instead of confrontation, between the two sides of the Taiwan Strait. He said that the government will continue to pursue peaceful exchanges with Beijing.

He stressed that the government is well prepared for Beijing's military maneuvers. He urged the public to rally behind the government.

Lien, on campaign trail in Kaohsiung, southern Taiwan, is currently on leave to campaign in the first direct presidential election in Taiwan.

Meanwhile, Acting Premier Hsu Li-te said in Taipei that Beijing's military movements are aimed at swaying the presidential election. He said that Beijing's military movements are closely monitored here.

Taiwan: Defense Minister Chiang on PRC Missile Exercises

OW0803154396 Taipei China Broadcasting Corporation News Network in Mandarin
1120 GMT 8 Mar 96

[FBIS Translated Text] National Defense Minister Chiang Chung-ling stated today: After the current missile exercises, the Chinese Communists will continue their military maneuvers. The Ministry of National Defense will respond in accordance with the stipulations concerning war preparations, and there is no specific time for counterattack. Here is a report by Hsiang Ching-wei:

[Begin recording] [Hsiang] National Defense Minister Chiang Chung-ling said on 8 March: The Chinese Communist missiles hit the target areas and did not fly over Taiwan. [Words indistinct] the splashdown sites, we handle it in a confidential way. Minister Chiang Chung-ling said: There is no specific time for our troops to counterattack. If the missiles land in our territorial waters, we will strike back. According to the stipulations concerning war preparations, even if we counterattack, this does not necessarily mean the outbreak of war [ji shi fan zhi ye bu yi ding dai biao zhan zheng de bao fa].

[Chiang] [Words indistinct] asked me if there is specific time for counterattack, I said no. If the missiles land in our territorial waters, we will strike back. Striking back does not mean there is a specific time [for a counterattack]. We will [words indistinct] according to the situation. We have drawn up the stipulations concerning war preparations.

[Heiang] Minister Chiang Chung-ling said: After the current missile exercises, the Chinese Communists will conduct sea-air exercises in the Dongshan and Pingtan area, and this will present a crisis to Taiwan's offshore islands. If the Chinese Communists take the opportunity of exercises to carry out provocations, the military will respond in a reasonable and restrained way [li zhi ke zhi de tai da] and will deal head-on blows [ying tou tong ji] to any armed invasion [wu li jin fan].

This has been a report by China Broadcasting Corporation reporter Hsiang Ching-wei from the Legislative Yuan. [end recording]

Taiwan: Hsu Li-te Urges Public Not To Panic Over Missile Test

OW0803114396 Taipei China Broadcasting Corporation News Network in Mandarin
0910 GMT 8 Mar 96

[FBIS Translated Text] On the first day of Communist China's missile test, Vice Premier Hsu Li-te of the Republic of China (ROC) said the government was closely monitoring Communist China's movement and had gained the latest information about its movement. He said the government will properly cope with the situation, and the public did not need to panic and should trust the government's ability to cope with the situation.

Hsu Li-te said on the morning of 8 March that the purpose of Communist China's missile test is to hinder ROC's presidential election, and that everybody knew this very well. He stressed: Facing this situation, the most important thing at this moment is to unite together, be rational, and strengthen our psychological defense, and we should not create chaos among ourselves.

The Executive Yuan this morning did not hold a meeting particularly for the event. Secretary General Chao Shou-po stressed that, if necessary, the government would hold meetings anytime to cope with the situation. Hsu Li-te said the Executive Yuan's ad hoc decision-making group this afternoon would discuss the situation and exchange views with the Legislative Yuan and its group for coping with the cross-strait situation.

Taiwan: SEF Lodges 'Stern Protest' Against Missile Test

OW0803075496 Taipei China Broadcasting Corporation News Network in Mandarin
0500 GMT 8 Mar 96

[FBIS Translated Text] On 8 March, the Straits Exchange Foundation (SEF) officially sent a letter to the Chinese Communist Association for Relations Across the Taiwan Strait (ARATS) protesting the Chinese Communist military exercise.

In the letter, the SEF says: According to reports by the Chinese Communists' XINHUA NEWS AGENCY, the Chinese Communists will test-fire missiles in the waters north and southwest of Taiwan from 8 to 15 March. We lodge a stern protest [yan zheng di kang yi] against this and demand that the Chinese Communists immediately stop this dangerous act; otherwise, they will be held responsible for all the consequences.

Taiwan: Further on SEF Protest to ARATS on Missile Tests

OW0803102096 Taipei CNA in English
0954 GMT 8 Mar 96

[By Onia Au]

[FBIS Transcribed Text] Taipei, March 8 (CNA) — The semi-official Straits Exchange Foundation (SEF) on Friday [8 March] faxed a message to its Mainland Chinese counterpart demanding an immediate halt to the People's Liberation Army (PLA) missile tests in waters near Taiwan.

"We protest XINHUA NEWS AGENCY's report that the PLA will conduct missile firings off northeast and southwest Taiwan coasts from March 8 through March 15," the SEF said in its letter to Beijing's Association for Relations Across the Taiwan Strait (ARATS).

"We ask you to stop this kind of dangerous actions immediately. Otherwise, you must bear full responsibility for the grave consequences of such acts," the SEF said.

The SEF and the ARATS are quasi-official intermediary bodies founded by their respective governments to handle cross-strait exchanges in the absence of official contact.

The SEF was authorized by the cabinet-level Mainland Affairs Council to send the letter to the ARATS after the Ministry of National Defense confirmed that the [words indistinct] Red three unarmed M-9 surface-to-surface missiles into the two Beijing-set target areas off Taiwan early Friday morning.

Taiwan: Council of Agriculture Comments on Missile Tests

OW0803114996 Taipei China Broadcasting Corporation News Network in Mandarin
0700 GMT 8 Mar 96

[From the "Hookup" program]

[FBIS Translated Text] The Council of Agriculture of the Executive Yuan pointed out today: The missiles fired today by the Chinese Communists are dummies without warheads. They cannot explode and will thus bring no harm to fishery resources. The chance of accidentally being hit is also next to nothing. If by chance someone was unlucky enough to be hit, the Council of Agriculture would provide assistance according to relief procedures set up to cope with natural disasters.

Fisheries Section Chief (Chen Chien-shou) stated: The waters where the Chinese Communists are currently conducting missile exercises are 1,000 meters or so deep. Because they are not our main fishery grounds

the exercises will not have a great impact on fishing operations. Moreover, fishing boats earlier were advised to fish in other areas. The relatively great impact, if any, on the fisherman, is psychological.

(Chen Chien-shou) pointed out: The areas involved in the two exercises conducted by the Chinese Communists last year were twice as large as the current ones or larger. The fishermen cooperated well in their operations during the two previous exercises. Moreover, the chance of fishing vessels being hit by missiles is only one in four thousand. If any fishing boats are hit, the Council of Agriculture will consider providing assistance following established relief procedures set up to cope with natural disasters.

**Taiwan: Taipei's DPP Mayor Condemns PRC
Missile Drill**

OW0803091596 Hong Kong AFP in English
0854 GMT 8 Mar 96

[FBIS Transcribed Text] Taipei, March 8 (AFP) — Taipei's Mayor Chen Shui-bian, of the Democratic Progressive Party (DPP) on Friday [8 March] condemned China's missile drill and said it would fail to sway people when they vote for a new president.

"We condemn China for staging this semi-invasive, semi-blockading missile exercise," Chen said.

Three M-9 surface-to-surface missiles carrying dummy heads landed in splashdown zones near Taiwan's northeastern and southwestern tips on Friday, part of a week-long drill to March 13.

One fell off the northern port of Keelung and the other two splashed into the sea off the southern port of Kaohsiung.

"It proves hostility between the two sides has not eased and that China is the only enemy threatening our country's survival," Chen said.

Military intimidation cannot stop people deciding their future in the island's first presidential elections on March 23 and their efforts to sway the vote can only be futile, he added.

Analysts have said China is hoping voters will identify the ruling Kuomintang presidential candidate, president Li Teng-hui, as the source of the increased cross-strait tension, and vote for more Beijing-friendly candidates.

Beijing says Li is leading a covert campaign for Taiwan independence, a move it says would lead to an invasion.

The missile-firing is China's fourth major maneuver on Taiwan's doorstep since Lee [Li] visited the United States last June, a trip Beijing viewed as an attempt to promote Taiwan independence.

Meanwhile, DPP presidential nominee Peng Ming-min, asked the government to safeguard the country's security and sovereignty by fighting against reunification, instead of saying the island is part of China.

The official position of both Beijing and Taipei is that Taiwan is part of China and will one day be reunited with the mainland, while the DPP supports Taiwan independence.

Peng and his running mate Hsieh Chang-ting are scheduled to stage next Tuesday a "sea protest" near one of the two splashdown zones, some 20-40 nautical miles (30-60 miles) off the northeastern coast.

China has considered Taiwan a rebel province since 1949, when it drove nationalist forces here at the end of a civil war.

The main opposition party is also organizing massive street protests in Taipei and Kaohsiung on Sunday in protest against China's military threats and intimidation.

Lee is widely predicted to win the elections and begin a second term as Taiwan president.

**Taiwan: Jiangxi Province Reported as Site of M-9
Missiles**

OW0803015996 Taipei China Broadcasting
Corporation News Network in Mandarin
2300 GMT 7 Mar 96

[From the "Hookup" program]

[FBIS Translated Text] Meanwhile, the Intelligence Department pointed out that Chinese Communist M-9 missiles have been deployed at a unit under the Second Artillery Corps in Jiangxi Province on the mainland. These missiles were of the same model as those test-fired in the Pengjiayu waters last July.

After the news of the test-firing of guided missiles by the Chinese Communists into the offshore target areas north and south of Taiwan was confirmed, Washington, in its preliminary reaction, described the test-firing of the two missiles by the Chinese communists as provocative and reckless. White House spokesman McCurry said: We have some reason to believe they have occurred. We consider them both provocative and reckless. McCurry also said we are concerned about any type of missile tests. We believe if tensions emerge in the Taiwan Straits, efforts should be made to find ways to solve problems through via direct dialogue and peaceful methods between the two sides of the strait.

Yesterday, Washington warned Beijing about its plan to carry out missile tests in the Taiwan Strait. [words indistinct] National Security Adviser Lake noted that

carrying out missile-firing tests so close to Taiwan is a potentially reckless act, adding that if these tests should go wrong, it will have an impact on the United States' relations with China. He also said: The U.S. Government has conveyed this message to the Chinese Government. If the Chinese Communists attack Taiwan, there would be grave consequences.

State Department spokesman Burns said [words indistinct]. Burns pointed out that Washington has repeatedly urged both sides of the Taiwan Straits to exercise restraint to avoid taking provocative actions so as not to bring destabilizing (?factors) to Taiwan.

Taiwan: Military Vigilance Heightened for PRC Missile Test

OW0803102496 Taipei LIEN-HO PAO in Chinese
8 Mar 96 p 1

[FBIS Translated Text] Starting today, Communist China begins to conduct missile tests; it immediately launched two missiles (believed to be M-9 missiles) early this morning. The National Defense Ministry released news at about 0100 this morning [1700 GMT 7 March,] saying the first missile landed at a point 44 nautical miles west of Kaohsiung. The second missile landed at the sea off the Sanshaochiao coast; the exact point of landing is to be confirmed. According to initial information, the two missiles were installed with dummy warheads of remote monitoring devices.

It has been learned that the military yesterday discovered a Communist Chinese observation warship conducting observations at the missile landing area off Kaohsiung.

All military officers and men have heightened vigilance, and the storage and supply of war materials has been dispersed. "War readiness" [zhan bei zhuang kuang, 2069 0271 3692 0400] on the main island of Taiwan still remains at condition five — at the regular war readiness stage. But, since last night, war readiness of the air defense missile and war control [zhan guan, 2069 4619] troops has been raised to condition four. War readiness in Kinmen (Quemoy), Matsu, and other offshore islands near the enemy is maintained at condition three, 24 hours a day. The defense ministry will release news to brief the people on the situation according to the latest movements in Communist China's exercise.

Communist China's XINHUA News Agency announced on 5 March that, from 8 to 15 March, Communist China's People's Liberation Army will conduct surface-to-surface missiles launching training aimed at two rectangular-shaped [areas of] water, each with an area of 900 square km — one is 19 nautical miles northeast of the Sanshaochiao, which is located in northeast

Taiwan, and the other is 28 nautical miles west of Kaohsiung, which is at the southwestern part of the island. The training is intended to intimidate Taiwan's public and influence the ongoing presidential election activities. The announcement immediately drew international concern and denunciations on the day it was made. The domestic stock market, foreign exchange market, and other economic activities on the island also have fluctuated noticeably.

It has been learned that, since Communist China started its offensive by the pen and deterring by the sword to create cross-strait tensions, high-level military personnel have increased the frequency of holding their regular "combat briefing" — now it is held every Friday morning at the Hengshan command center. Today is Friday [8 March], and coincidentally the first day of the Communist troops' missile test. Senior military officers this morning will gather to discuss the Communist troops' latest movement.

A responsible official of the defense ministry said last night that war readiness in Kinmen, Matsu, and other offshore islands, because of their proximity to the enemy, has always been maintained at a higher level than the mainland of Taiwan — it is at condition four at day time, and is raised to condition three during night period from the end of dusk to the beginning of dawn. Because Communist China begins missile test today, and Communist troops amassed on Pingtan, Dongshan, Nanshan, and other islands also are prepared for exercises, beginning 0800 last night [1200 GMT 7 March], offshore islands have been ordered to maintain at condition three, 24 hours a day. War readiness of the air defense missile and war control troops on the main island of Taiwan has been raised to condition four, and other troops are maintained at condition five, but have heightened their vigilance. The official said offshore islands are closer to the mainland than to the main island of Taiwan, so the troops on those islands have maintained a higher degree of vigilance.

A responsible official explained: "war readiness" is divided into five conditions and three stages — "condition five" is regular guard; "condition four" and "condition three" are at the alert stage; and "condition two" and "condition one" are at the combat stage. The last time the military raised the level of war readiness was in 1977 when it was raised to condition 4 after late President Chiang Ching-kuo died. Then, offshore islands were put in condition two at the highest and officers and men on leave were ordered to report to duty immediately.

Taiwan: Eastern AF Commander Notes Personnel Fully Prepared

OW0803051896 Taipei China Broadcasting Corporation News Network in Mandarin
0400 GMT 8 Mar 96

[From the "Hookup" program]

[FBIS Translated Text] The Chinese Communist military has begun to conduct surface-to-surface guided missile firing exercise toward the waters near Taiwan's Keelung and Kaohsiung today. (Wang Han-min), commander of the Eastern Air Force Command, said: At present, the eastern base has taken all necessary combat readiness measures, such as defensive actions and cover [yan hu]. A report by (Liao Mou-yu) follows:

On the Chinese Communist missile firing exercise toward Taiwan's Kaohsiung and Keelung [vicinity], Lieutenant General (Wang Han-min), commander of the Eastern Air Force Command who is responsible for guarding the safety of the air space over Taiwan's eastern region, said that at present his base has completed various combat-readiness and defense training programs, including personnel drills and preparation of weapons and ammunition.

(Wang Han-min) called on the people not to panic in the face of the Chinese Communist exercise.

He said: [begin recording] In addition to personnel training, we have made full preparations, particularly in weapons and ammunition. [passage indistinct] I hope that the people across the country will not panic. If the Chinese communists dare to attack this island with missiles, they will be condemned by the whole world. [end recording]

(Wang Han-min) said: At present, most soldiers are staying on base. A small number of soldiers on liberty are staying in close contact and can be recalled in a very short time. If any missile fired by Chinese communists deviates from course, the Eastern Air Force Command will take counter-measures [zuo chu yin ying dui ce].

Taiwan: Military Stockpiles 'Vital' Materials Offshore

OW0803052896 Taipei TZU-LI WAN-PAO in Chinese
5 Mar 96 p 3

[By Lin Chiong-hwa]

[FBIS Translated Text] Taipei — With the Chinese Communist's military maneuver just around the corner, the armed forces have, since before the lunar new year, begun to intensify the supply of vital materials to the offshore islets. In addition, all units of the garrison forces on the islets have been reinforced to substantially

increase the available manpower. This indicates the armed forces are now gradually strengthening their war capability on the offshore islets, so as to tightly guard against any military provocation by the communist forces.

Logistical supplies to the offshore islets are normally carried out by means of three shipping sorties a month. However, due to the communist force's military exercise along its southeastern coastline, this has been increased to four shipping sorties a month.

It is understood that military materials being delivered by the Navy 20 cargo ship come mainly in the first, third and fifth categories (food, ammunition, and fuel oil). There is usually three to six months' reserve storage of each kind of material. This has been increased to eight months' supply.

Taiwan: Experts Discuss Aim of PRC Military Maneuvers

OW0803024096 Taipei CNA in English
0152 GMT 8 Mar 96

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, March 7 (CNA) Mainland China's planned missile tests are not just targeted at swaying the results of Taiwan's first popular presidential election, because Beijing has expected that President Li Teng-hui would win the election since the middle of last year, scholars said at a seminar on Thursday [7 March].

The seminar gathered professors of Taipei colleges and universities who support the Kuomintang presidential ticket of Li Teng-hui and Lien Chan.

They agreed that the missile tests, to be conducted March 8-15 in waters near Taiwan's two main ports, are mostly intended to show the world Beijing's determination to protect its perceived sovereignty and territorial integrity, even if it has to do so through force.

On whether Beijing will expand the scale of its military maneuvers, one scholar said that the reaction of the United States and other nations, the counterattack capability of Taiwan's armed forces, the solidarity of the people of Taiwan, and whether Beijing President Jiang Zemin can stay in control of the military will be the determining factors.

Wu An-chia, deputy director of National Chengchi University's Institute of International Relations, said that it is hard to determine how the international community would view a war in the Taiwan Strait, and added that judging from arms sale to both Taiwan and Mainland China, if a war were to occur, it would be a battle of high-tech weapons.

Chao Chun-shan, director of National Chengchi University's Graduate Institute of Russian Studies, said that Beijing's intentions should not be oversimplified.

Chao said that Beijing has long thought that President Li, as the ruling party presidential candidate, would win the election. Under this premise, he said, Beijing has no reason to use military maneuvers to influence the result of the election, but he added that there is no doubt about Beijing's intention to create such problems.

He said Beijing sees resorting to nationalism an effective way to divert attention from its own internal conflict, and that Jiang also views the strategy as a good way to solidify his own power base in the era after patriarch Deng Xiaoping fades from the scene.

Chao said Taiwan should not allow Beijing to use the pretext of irredentism to pose an "irrational" threat to Taiwan.

Chao also warned Beijing about the possible consequences of its military intimidation. He said Beijing faces rising separatist sentiment here or possible foreign intervention if its military force is seen as inadequate.

On the other hand, Chao said, the current situation could be a turning point for Taiwan — when the country finally tells the world what the island is really after. The situation could also be a result of the unclear stance on the national identity and controversy over the unification/independence issue, he said.

Ming Chu-cheng, a political science professor at National Taiwan University, said that influencing the Taiwan presidential election is not the only goal of Beijing.

Ming said that the maneuvers are also aimed at lessening support for Li, dampening the rising pro-independence sentiment in Taiwan, and deterring Taiwan's democratic development.

Ming said that Beijing also intends to use the military maneuvers to show the world that it will not tolerate foreign intervention in its perceived internal affairs. In the internal power struggle in the post-Deng era, Ming said, Jiang also wants to show a tough face toward Taiwan in order to solidify his power base and smooth the succession process.

But Ming also said that in the long run, relations between Taiwan and Mainland China could get back on the right track if Taiwan is willing to take part in Mainland China's new economic development plan, and if Taiwan's newly elected president openly makes positive statements about cross-strait relations during his inauguration speech.

Taiwan: Air, Sea Traffic Unaffected by PRC Missile Tests

OW0803095096 Taipei CNA in English
0932 GMT 8 Mar 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, March 8 (CNA) — Despite Beijing's firing of three guided missiles into the seas near Taiwan, the island's maritime and air traffic remained normal on Friday (8 March), government authorities said.

"Domestic and international flight services in Taiwan have remained normal and not affected by Beijing's missile tests on our doorstep," a spokesman for the Civil Aeronautics Administration (CAA) said.

The air route R-595 off northeastern Taiwan has been closed because it is within the shooting range of the March 8-15 missile drill. Flights to Okinawa, Japan, New Zealand and Guam must take R-583 during their exercise period. "About 10 flights have to detour Friday," the CAA spokesman said, adding that the detour only causes an additional 5-to-10-minute flight time. For flight safety, the spokesman suggested that Southeast Asia-bound planes fly 10 nautical miles south of the G-581 route which is very close to one of the two Beijing-set target areas.

Meanwhile, officials of Taiwan's two major seaports — Kaohsiung and Keelung — which together handle more than 70 percent of Taiwan foreign trade, said operations at the two ports were generally normal on Friday and no disruptions in shipping were reported.

Harbor authorities have issued public notices urging all cargo ships to avoid the splash zones during the exercise period.

No fishing boats entered or left Kaohsiung after 8 a.m. Friday, port officials said. Adding that trade in the Kaohsiung fishery market remained normal Friday, but fish prices rose by an average of 10 percent as compared with the previous day.

Hu Hsing-hua, director of the Taiwan Provincial Fishery Bureau, made an inspection voyage off northern Taiwan coast Friday. "No Taiwan fishing boat was found in waters near the target zone," he said after the patrol.

Police authorities said marine police will continue normal patrols off Taiwan coast to protect Taiwan fishermen and crack down on smuggling and other crimes across the Taiwan Strait, which separate Taiwan from Mainland China.

Communist China announced on Tuesday that its military will hold week-long missile tests in international

waters north and south of Taiwan beginning Friday. One of its target splash zone is only about 36 km (19 nautical miles) off the booming northern Taiwan port of Keelung and the other is about 51 km (28 miles) off Kaohsiung, another key Taiwan port, on southwest coast.

The Ministry of National Defense said as of 11 a.m.. Friday, the Mainland Chinese military already fired three surface-to-surface guided missiles into two sea target areas near Taiwan.

Taiwan: Residents of Quemoy Stockpile Rice, Gold
OW0703143096 Hong Kong AFP in English
1307 GMT 7 Mar 96

[By Lawrence Chung]

[FBIS Transcribed Text] Kinmen, Taiwan, March 7 (AFP) — Residents in Taiwan's defense outpost of Kinmen [Quemoy] island have nearly emptied stores of rice and are buying gold a day before China launches a week of missile tests near Taiwan's coast.

"Sorry, the packaged rice were all sold out," said a storekeeper in Chinchon, the downtown area of Kinmen. "Many came to buy rice. Some even bought more than a dozen large packages."

Nearby stores also had almost run out of the supplies after a stream of residents from the village areas rushed to the downtown area to buy rice. "I bought a bit more than what I usually do, but it wasn't because I am afraid of the communist missiles, but because I am afraid we might run out of the supply since we do not grow rice here," said Chen Wei-ning, a local resident.

Kinmen, a front line island of Taiwan, is just about six kilometers (3.72 miles) from the Chinese coastal city of Xiamen. It had been attacked by China at least six times between 1949 and 1978, during which tens of thousands of residents and soldiers were killed.

Some residents also rushed to buy gold Thursday, with jewelry stores reporting an increase of sales by more than 30 percent.

"We have quite a good business. Many came to my store to buy gold plates and chains," a store owner told AFP.

Meanwhile, combined military practices for some 30,000 troops in Kinmen have increased, and in Lesser Kinmen [Little Quemoy], a small islet just 15 minutes by boat from Kinmen, artillery, chemical squads, and other troops were on the streets.

China's missile tests are widely seen as an attempt to intimidate Taiwan before March 23 presidential elections. Beijing has considered Taiwan a renegade province since the end of the civil war in 1949.

Taiwan: Kuomintang Says Li Teng-hui's Popularity Rising

OW0703142696 Hong Kong AFP in English
1346 GMT 7 Mar 96

[FBIS Transcribed Text] Taipei, March 7 (AFP) — Taiwan's ruling Kuomintang (KMT) Thursday [7 March] said the popularity of President Li Teng-hui and Premier Lien Chan are still on the rise despite fresh military threats from China.

Li and Lien are the KMT's candidates for the post of president and vice-president respectively in elections set for March 23.

James Chu, KMT deputy secretary-general, and advisor to the campaign headquarters said a survey carried out by the party showed the level of public support for the two leaders at between 38 and 44 percent. He did not elaborate.

He said a new round of Chinese missile tests, for eight days starting Friday, is aimed at intimidating voters ahead of the elections, but added: "Beijing would be disappointed because the 21 million people here would firmly support the government" and Li.

President Li's private trip to the United States in June enraged China which retaliated by conducting a series of military drills, including missile tests, near Taiwan since July. China saw in it an attempt to promote Taiwan's independence.

Beijing, which has viewed Taiwan as a rebel province since the end of a civil war in 1949, has vowed to attack Taiwan should it declare a formal break from the mainland.

Taiwan: President Visits Wan Hua Produce, Fish Markets

OW0803093096 Taipei CNA in English
0903 GMT 8 Mar 96

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, March 8 (CNA) — Kuomintang [KMT] presidential candidate Li Teng-hui and his wife Pee Tseng Wen-hui received warm welcome when they solicited votes in the Wan Hua produce and fish markets in Taipei early Friday [8 March] morning.

Li shook hands with the vendors there who are selling fruits, vegetables, and fish and asked for their support.

The Taipei Vegetables Association and the Taipei Fruit Association presented Li big pineapples which symbolize good luck and wished him success.

Li and his wife were accompanied by Secretary-General to the President Wu Poh-hsiung, KMT Secretary-General Hsu Hui-te, Taipei City Council Speaker Chen Chien-chih, and Vincent Hsiao, secretary-general of Li's campaign headquarters.

Taiwan: Chu: Voters, Not Mainland, To Decide Elections

OW0703123396 Taipei CNA in English
1027 GMT 7 Mar 96

[By David Ting]

[FBIS Transcribed Text] Taipei, March 7 (CNA) — James Chu, deputy secretary-general of the ruling Kuomintang, said on Thursday [7 March] that it is up to the voters to decide the results of the upcoming presidential elections, not the Chinese communists on the mainland.

Chu made the remarks while fielding a question at a press conference held for the foreign reporters who are here covering the first direct presidential elections in this country.

Asked to comment on reports by Mainland China's CHINA NEWS SERVICE (CNS) that Beijing's planned missile tests are aimed at helping pro-unification candidates to win the elections, and whether President Li's campaign will suffer as a result, Chu said President Li is himself a pro-unification candidate, and would therefore benefit from Beijing's belligerence.

"President Li has said more than 130 times that he supports reunification and opposes Taiwan independence," Chu pointed out. "If Beijing's war games are aimed at boosting pro-unification candidates as reported by CNS, then Li will be 'very happy' because he will be a beneficiary."

He added that it is up to the voters to decide the outcome of the upcoming elections, not the regime in Beijing. It is wrong for Mainland China trying to influence the elections by military intimidation, he added.

Taiwan: Budget Up 6.8 Percent; Defense Spending Increased

OW0703133496 Taipei CNA in English
1020 GMT 7 Mar 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, March 7 (CNA) — The Executive Yuan on Thursday [7 March] set the government budget for the 1996/1997 fiscal year at NT\$1.212 [new Taiwan dollars] trillion (U.S.\$44.07 billion), up 6.8 percent from the fiscal 1995/1996 level.

Of the amount, defense spending accounts for NT\$255.4 billion (U.S.\$9.288 billion), an increase of NT\$13.8 billion (U.S.\$501.82 million) or 3.88 percent over the previous fiscal year.

In addition, the government also set a special budget of NT\$188.1 billion (U.S.\$6.84 billion) for purchases of advanced fighters and for some major infrastructure construction projects. The special budget is not included in the overall annual budget and the cabinet also did not give a breakdown of how much would be spent on fighter planes and how much on construction projects.

The budget needs final approval of the Legislative Yuan, which has the power to cut or amend it. The legislature, now in recess, will resume operations after the March 23 presidential election.

Vice Premier Hsu Li-te said under Premier Lien Chan's leadership, the government has managed to cut its annual budget by an average of NT\$37.5 billion (U.S.\$1.36 billion) for the past three years. On the other hand, government tax revenues increased by NT\$42 billion (U.S.\$1.53 billion) annually during the same period. As a result, state bond issues decreased more than NT\$250 billion (U.S.\$9.09 billion) over the past three years.

Despite its financial difficulties, Hsu said, the cabinet still set a 4 percent increase in government consumption and a 10 percent rise in fixed capital investment in the 1996-97 budget with an aim to bolster domestic economic development.

Taiwan: Trade Delegation To Visit Burma, India

OW0703041496 Taipei CNA in English
0200 GMT 7 Mar 96

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, March 6 (CNA) — Lin Yi-fu, director-general of the Board of Foreign Trade, will lead a trade delegation to depart Taiwan on Thursday for visits to Burma and India.

Lin said the purpose of the trip will be to learn more about incentives the two nations are offering foreign investors, and to promote bilateral trade relations.

As the trip falls at the same time Beijing will conduct missile exercises near Taiwan, however, the delegation will keep a low profile and hold its activities in the two nations to a minimum. It is the first time an official Taiwan delegation will visit Burma.

Lin, noting that military-governed Burma has never been friendly to Taiwan, said the trip there represents an "unusual" opportunity for the delegation.

Burma has an average economic growth rate of 6.4 percent, and trade between the two nations totaled US\$63.45 million last year.

Lia said that the state-owned Chinese Petroleum Corp. has set up a liaison office in Burma. Another state-owned enterprise, Taiwan Fertilizer Co., is also considering investing in Burma, but whether it will hold discussions with Burma on any project depends on whether Burma has made necessary arrangements for such discussions, he said. If not, the discussions will only center around general investment and trade issues.

Meanwhile, two-way trade between Taiwan and India totaled US\$933 million last year, and India has been

actively promoting trade with Taiwan and courting Taiwan investment.

The delegation is expected to gather more trade information to promote trade exchanges.

Lia said the delegation had originally planned to visit Bangladesh and Pakistan, but canceled the scheduled visits because of public strikes in the two nations.

The delegation will return to Taiwan on March 16.

Hong Kong: Community Leaders Demand Elected SAR Chief*HK0803061396 Hong Kong EASTERN EXPRESS
in English 8 Mar 96 p 2***[By Sam Mok]**

[PTS Transcribed Text for FBIS] Community leaders yesterday demanded the chief executive of the special administrative region be chosen at the ballot box.

Defiant political and union organisations rejected proposals for the territory's future head to be selected by handpicked bureaucrats and businessmen.

The staunch message came at a Legislative Council-convened public meeting to discuss how the 400-person selection committee should be formed.

The Confederation of Trade Unions, the Neighbourhood and Workers Service Centre, and the United Ants were united in calling for the chief executive of the special administrative region to be chosen in an election.

A spokesman for the United Ants, Ko Ping-chung, said the Preparatory Committee should not be entrusted with deciding how the post should be chosen as the it [as published] had been undemocratically appointed by China.

The chairman of the meeting, a legislator, James Tien, said he was disappointed by the hearing, as it had not achieved the panel's original aims. But the legislator Emily Lau responded: "The views were powerfully presented. The chairman is disappointed only because you don't like the views."

The Bar Association also backed the demand. It said there would be no legal problems with the plan, but time might be tight.

It said the 100 committee seats designated to the professional sector should also be decided democratically within each profession.

The panel will report on the meeting to the Preparatory Committee.

Hong Kong: Official: Tax System Not To Change After 1997*HK0803092396 Hong Kong TA KUNG PAO
in Chinese 28 Feb 96 p B8*

[Report: "Chinese Official Stresses That Hong Kong Taxation System Remains Independent After 1997"]

[PTS Translated Text for FBIS] Xiang Huaicheng, deputy director of the PRC State General Administration of Taxation, said after attending the "Seminar on China's Taxation" held in Hong Kong yesterday that

the existing separate taxation laws for domestic- and foreign-funded enterprises will be merged into one, adding that a specific timetable has been set.

He said that the existing two pieces of income tax legislation involving foreigners will be merged into one, which, he added, will then be merged with provisional regulations on income tax for domestic enterprises into a unified income tax law. The legitimate interests of foreign-funded enterprises will not be affected by the merger.

He also said that whether the preferential "two tax exemptions and three tax reductions" policy will be revoked has not yet come under review. The development tendency, however, suggests that the policy will certainly be abandoned. The export rebate rate will not be further lowered, he added.

Again, Duan Mujun, deputy director of the PRC General Administration of Customs, said on the same occasion that the earnest money deposit supervisory system [tai zhang zhi du 0669 6348 0455 1653] will be introduced nationwide in July this year.

He said that the earnest deposit supervisory system being tested in three selected localities in the interior has found an intended response, with the number of processing trade contracts increasing instead of decreasing. Most domestic and foreign businessmen found the system acceptable. He also believes that the system will promote sound development of processing trade and protect the interest of businessmen.

In short, the pilot projects are proceeding normally, and the relevant measures are practical and beneficial to improving and strengthening supervision over and management of imported raw materials and spare parts for the processing trade.

Xiang Huaicheng stressed that after 1997, Hong Kong's taxation system will not become similar to the mainland's. There is no problem of converging Hong Kong's taxation system with the mainland's. After 1997, Hong Kong will continue to pursue a low tax policy, because it is a factor in maintaining stability.

When commenting on China's tax reform at the seminar, Xiang said that through two years of practice, a new tax system with the value-added tax as the mainstay has been basically established and is functioning normally. The main achievements of the tax reform are as follows: One, unifying China's tax laws; two, replacing the old tax system with a new one; and three, abandoning temporary and difficult tax exemptions and cuts, thus moving closer to the international practice and creating an environment for fair competition.

With regard to the import tax, Xiang said taxes will be levied on items approved after 1 April according to the official tax rate, while a one- or two-year grace period will be given to items approved before 1 April depending on the amount involved.

The export rebate rate was adjusted downward as of 1 January this year. Specifically, the rebate rate for farm produce and coal is 3 percent, while the rebate rate for industrial products made from farm produce and for other goods on which value-tax is levied at a rate of 13 percent, is 9 percent.

The survey of the earnest money deposit supervisory system, a pilot system for earnest accounts covering imported raw materials and spare parts for the processing industry, will be accomplished in the first half of this year and introduced nationwide by July.

According to statistics submitted by Dongguan, Suzhou, and Ningbo, three cities selected for testing the earnest money deposit supervisory system, from 27 November last year until 25 January this year, the customs made out 9,405 joint bills of establishment bank deposit accounts [she li yin hang bao zheng jin tai zhang lian xi dan 6080 4539 6892 5887 0202 6086 6855 0669 6348 5114 4762 0830] and received 9,126 bank deposit account notices [yi hang bao zheng jin tai zhang tong zhi dan 6892 5887 0202 6086 0669 6639 4249 0830], with the amount on file [bei an jin e 0271 2714 6855 7345] for contractual raw materials and spare parts standing at \$3.11 billion. An analysis shows the notices account for 97.03 percent of the bills, meaning the two coordinate well.

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